

2 LOMBARD

Fund treatment for Peru

BY HUGH O'SHAUGHNESSY

THE physicians at the International Monetary Fund in New York have been prescribing some strong medicine for Peru after its Government went to them for help in an acute case of balance...

The option of defaulting on its international obligations for want of help from the Fund or ramming austerity measures down people's throats by deft use of the bayonet...

A gesture

The Peruvians have been criticised for spending good money on buying arms from the Soviet Union. These criticisms have some validity even if, as the Peruvians argue, Moscow offered bargain basement prices...

Pressures

But in a country as poor as Peru an austerity package often means pushing people into the starvation zone. The tendency was, he added, to look at Peru as a limited liability company...

FILM AND VIDEO

BY JOHN CHITTOCK

Putting people first

REAL PEOPLE are preoccupying the programme sponsors of the U.S. film industry. Praise indeed for these marvelous televisions and 83 per cent of company respondents in a recent survey there were using this fast-developing medium...

Interviews

Yet the classless northern accent of Graham Turner, the interviews with businessmen on the job and sales assistants in showrooms, the avoidance of the familiar balance sheets...

Dormant

Manipulation cannot work in the 1970s, and changes in industrial relations must take their natural course. What audio-visual media might do, if intelligently handled, is speed up the change and expose some of the problems that too often lie dormant and break out when management least expects it...

SPORT

Filbert Bayi beaten by malaria, jet lag and Co

IT IS NOT every day that a man of 20 steps onto an athletics track and shoves the world's 1,500 metres record holder into second place by neatly outmanoeuvring him over the last few strides. That is what Sebastian Coe did to Filbert Bayi of Tanzania yesterday in the Emsley Carr Mile at Crystal Palace.

Bayi's match was another U.K. national pole-vault record by Brian Hooper, who scaled 5.40 metres. This performance puts him on the fringe of world class.

ATHLETICS

BY MICHAEL THOMPSON-NOEL

The invitation race formed part of the U.K.-West Germany match and provided Coe—slight, modest and joyfully articulate—with a personal best of 3:57.66, a 5th of a second up on Bayi.

Each so far the British authorities had paid for them, although I am quite prepared to have a family whipround.

Coe is already the European indoor 500m champion and one of our brightest prospects. Bayi was not at his best. He had an attack of malaria earlier this year. He had flu when he arrived in Britain from Rome last night.

Britain scored 1-3 victories in numerous events against a lacklustre West German side. Geoff Capes and Mike Wynne scored a shut-out in the shot.

Motor cars

For sheer titillation in recent weeks, the critics have had to rely on an old faithful—British Petroleum. Part Five in their continuing series The History of the Motor Car has now reached the 1940s and 1950s in Cars, Cors and More Cars.

The archetype of the anti-industrial species still can be found, although seldom in its old glory and excellence. Richard Costain have just released two modest but effective examples—Crestal Mine and A Place on the Map.

Back to the drawing board then, and to people again. Industry is clearly very anxious to use film, television and a-v aids to gain the confidence of people—if, indeed, there is no underlying social malaise that makes a simple cure impossible.

Australia bat towards a draw

IN BRIGHT sunshine, on a pitch morning were few and far between and only 60 were on the board at the interval.

When he was at the 42, most caught in the slip, which included several strokes, mainly off the foot.

CRICKET

BY TREVOR SAILEY

At stumps they had taken their first innings total to 228 for six, largely through an attractive 88 from Hookes, a watchful 53 not out from Marsh, a brisk 39 from Chappell and a dogged 33 from McCosker.

The afternoon session began with the bowling shared between Underwood and Hendrick. Although at 2.25 Hughes eventually secured that welcome single it did him little good as

The England attack appeared to be blunted more by the wicket than by the quality of the batting which, in the main, was unexceptional.

With the series settled and the small hope of a decision match in the interest departed, Willis was the most successful bowler and has now achieved the considerable feat of taking 25 wickets in the series while Lever, with limited opportunities, bowled a straight ball to leg.

Wolves announce £10m. plan

THERE HAS been a phase in the wave of new stand-building in the Football League, due probably to inability to carry the high interest burden of big loans—witness Chelsea's problems over their £21m debt.

That leaves a massive gap. Marshall believes that the day for going ahead with first phase is about the beginning of next year, and that the new stand should be about £2m.

SOCCER

BY JAMES FRENCH

grounds and reduction of permitted crowds. This has led to the probability that Wales will play its home World Cup game against Scotland at Anfield because the Ninian Park, Cardiff, capacity and that at Wrexham has been slashed as safety precautions.

Early leaders in round-world yacht-race set fast pace

BY ALEC BELBY

Wolverhampton Wanderers, 100-year-old as a club and newly returned to the First Division, have announced a £10m. long-term redevelopment plan to make the ground the most up-to-date stadium in the country.

Both yards yesterday were half-way between Ubahant and the Salting conditions were said backmarkers.

Flamethrower may be surprise

QUITE CANDID, the Ryan Factory favourite for yesterday's Moeck and Chandon Magnus, Erix Varmald, a 23-year-old justified backers' faith in him.

attractive Nearctic filly, Freeze Lady Rhapsody goes to post on a handicap at Yarmouth last week where the slow early pace it was against her.

RACING

BY DOMINIC WIGAN

Half an hour earlier there was an intriguing situation in the three-runnner Cicero Handicap when jockeys Brian Taylor, Brian Rouse and Dennis McKay all refused to set the pace.

on the mark at Chepstow this afternoon through Flame

TV/Radio

- 7.40 The Waltons 8.30 Mastermind 9.00 News 9.25 The Fall and Rise of Reginald Perrin 9.55 The Life and Death of Picture Post

F.T. CROSSWORD PUZZLE No. 3453

Grid for crossword puzzle with clues: 1 Good-looking commander goes with Mr. French to cathedral city (6)

- Scene Around Six 11.55 News and Weather for Northern England 1.25-1.50 p.m. Look East (North) Look North (Leeds, Manchester, Bradford)

LONDON

- 9.30 a.m. Summer School, 10.15 Cowboy in Africa, 11.05 Spider-Man, 11.30 Time to Remember, 11.55 Simon Turner's Last Noha, 12.10 p.m. Stepping Stones, 12.30 Elusive Butterflies, 1.00 Betty Boop, 1.30 Crown Court, 2.00 Get Afternoon, 2.25 Racing from Spain, 2.55 Maggie Circle, 4.45 Maggie Special, 5.15 Gambit, 5.45 News, 6.00 Looka Familiar, 6.30 News, 7.00 Crossroads, 7.40 Tuesday Film Premiere: 'The Gun and the Pulpit', 8.30 Man About the House, 9.00 Contender, 10.00 News, 10.20 The Christians, 11.30 Manhunt, 11.35 a.m. Close: Michael Burrell reads a poem by Thomas Gray.

RADIO 1

- 6.30 (5) Stereo music broadcast 6.30-7.00 a.m. Radio 2, 7.00-9.00 a.m. Radio 1, 9.00-11.00 a.m. Radio 1, 11.00-12.00 p.m. Radio 1, 12.00-1.00 p.m. Radio 1, 1.00-2.00 p.m. Radio 1, 2.00-3.00 p.m. Radio 1, 3.00-4.00 p.m. Radio 1, 4.00-5.00 p.m. Radio 1, 5.00-6.00 p.m. Radio 1, 6.00-7.00 p.m. Radio 1, 7.00-8.00 p.m. Radio 1, 8.00-9.00 p.m. Radio 1, 9.00-10.00 p.m. Radio 1, 10.00-11.00 p.m. Radio 1, 11.00-12.00 p.m. Radio 1.

RADIO 4

- 6.30 a.m. Up to the Hour, 6.55 (VHF) Regional News, 7.00-7.15 Today, 7.15-7.30 News, 7.30-7.45 News, 7.45-8.00 News, 8.00-8.15 News, 8.15-8.30 News, 8.30-8.45 News, 8.45-9.00 News, 9.00-9.15 News, 9.15-9.30 News, 9.30-9.45 News, 9.45-10.00 News, 10.00-10.15 News, 10.15-10.30 News, 10.30-10.45 News, 10.45-11.00 News, 11.00-11.15 News, 11.15-11.30 News, 11.30-11.45 News, 11.45-12.00 News.

ANGLIA

- 10.05 a.m. News, 10.30 p.m. News, 11.00 p.m. News, 11.30 p.m. News, 12.00 a.m. News.

SCOTTISH

- 10.05 a.m. News, 10.30 p.m. News, 11.00 p.m. News, 11.30 p.m. News, 12.00 a.m. News.

SOUTHERN

- 10.05 a.m. News, 10.30 p.m. News, 11.00 p.m. News, 11.30 p.m. News, 12.00 a.m. News.

TYNE TEES

- 10.05 a.m. News, 10.30 p.m. News, 11.00 p.m. News, 11.30 p.m. News, 12.00 a.m. News.

ULSTER

- 10.05 a.m. News, 10.30 p.m. News, 11.00 p.m. News, 11.30 p.m. News, 12.00 a.m. News.

WESTWARD

- 10.05 a.m. News, 10.30 p.m. News, 11.00 p.m. News, 11.30 p.m. News, 12.00 a.m. News.

YORKSHIRE

- 10.05 a.m. News, 10.30 p.m. News, 11.00 p.m. News, 11.30 p.m. News, 12.00 a.m. News.

Capital Radio

- 6.00 a.m. Morning Music, 6.30 a.m. AM, 7.00 a.m. News, 7.30 a.m. News, 8.00 a.m. News, 8.30 a.m. News, 9.00 a.m. News, 9.30 a.m. News, 10.00 a.m. News, 10.30 a.m. News, 11.00 a.m. News, 11.30 a.m. News, 12.00 a.m. News.

BBC Radio London

- 6.00 a.m. As Radio 2, 6.30 a.m. VHF, 7.00 a.m. News, 7.30 a.m. News, 8.00 a.m. News, 8.30 a.m. News, 9.00 a.m. News, 9.30 a.m. News, 10.00 a.m. News, 10.30 a.m. News, 11.00 a.m. News, 11.30 a.m. News, 12.00 a.m. News.

London Broadcasting

- 6.00 a.m. Morning Music, 6.30 a.m. AM, 7.00 a.m. News, 7.30 a.m. News, 8.00 a.m. News, 8.30 a.m. News, 9.00 a.m. News, 9.30 a.m. News, 10.00 a.m. News, 10.30 a.m. News, 11.00 a.m. News, 11.30 a.m. News, 12.00 a.m. News.

Capital Radio

- 6.00 a.m. Morning Music, 6.30 a.m. AM, 7.00 a.m. News, 7.30 a.m. News, 8.00 a.m. News, 8.30 a.m. News, 9.00 a.m. News, 9.30 a.m. News, 10.00 a.m. News, 10.30 a.m. News, 11.00 a.m. News, 11.30 a.m. News, 12.00 a.m. News.

BBC Radio London

- 6.00 a.m. As Radio 2, 6.30 a.m. VHF, 7.00 a.m. News, 7.30 a.m. News, 8.00 a.m. News, 8.30 a.m. News, 9.00 a.m. News, 9.30 a.m. News, 10.00 a.m. News, 10.30 a.m. News, 11.00 a.m. News, 11.30 a.m. News, 12.00 a.m. News.

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

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First thoughts on Bayreuth

by MAX LOPPERS

go to Bayreuth back-projections wearisome. They were less responsible for the although the per-often far from Plunged for ten rid still dedicated on without hazard traction of the drama, the new-enth needs time critical with, other the first per-overwhelming to its opening half-t sounds of a first- the open- rising out of the inhaled by the ad- ptaise, obsc, cor- ussons distinguish- change of tone rmony then sealed nd darkness, the equence an im- ragement to total nd harbinger of emotional adven- here it seldom can sound like these as to Bayreuth, of music given in and surroundings well fitted to it. initial misgivings istor may still feel ular German cul- (and despite, for rent extreme ex- nderstanding), the s still the comple- gificant aspect of education.

to accept the edis of the theatre d quickly or else, e, one realises that, lmpid clarity of nd the harmonious if the stage picture tended to disguise in performance or nor to transform uccesses into out- nes. This year's *Tristan und Isolde* (st Everding produc- d by Josef Svoboda) ul (produced and Wolfgang Wagner) verely as those y Ronald Crichton y no means to be e undetectable, each

entertainment is on Page 28

of disappointments beyond the excel- mon: the beauty of al playing, with the low strings beard- s though from the re earth; the almost mbination of busi- nesses focus in the ing; and, again, the every moment of ce.

ny Wagner perform- oductor is the most gple participant, it is consider him first in of two well-prepar- ed, involving Wagner.

his year, both operas bands of Horst Stein, emired here. He is a of (on successive long- undapable authority, st- and secure in the his forces to be called ar the level-headed in the uation of them ever to inspired. A *Tristan* e emotional charge of currents and heat of uch as ever over the deast last year's con- rios Kleiber conveyed; neither dragged nor etually not unbal- uminous, golden haze ed from Goodall's rden readings—it was g," but finally only so, to hear the works ively unfolded. The of each had passing of orchestral tone less led than the rest (in he brass during the mg was slightly raw, voice, with the *Liebestod* o some suspiciously ounding deep bell that, it was Minton's glorious the last act of each, Brangäne who seemed least expected it, the sustained with a new hat kept the attention ing.

as not the kind of con- vance the mind away nesses in the stagings. n for Svoboda's *Tristan* act is based on an staircase that mounts ip's prowess, then to the. Finally to the Karol ll—must be according expectedly off form that his I found the layout of nguished, the colours prudent.

In Wolfgang Wagner's

Parsifal, Act 1 ("Wald, schattig und ernst, doch nicht düster") and Act 3 ("Freie, amnütiger Frühlingssong") become the same, thickly leaved, a pale light warming only the ends of the foliage. The temple is severely symmetrical. Act 2 starts beautifully; the temple arches have been swung round, decked with faintly perceptible writhing shapes, touched with the glowing central spots of Redon-like colour provided by Klugor's purple costume and Kundry's red-orange. The flower maidens are deftly masked. But then Kundry's long entanglements lost impact because her face and Parsifal's were difficult to make out. It was a strong *Parsifal* cast. In the title role, originally billed for Peter Holmann and taken over at a late stage by René Kollo, indistinctness introduced in the part Manfred Jung. He is also the *Götterdämmerung* Siegfried; Young, agile, readily convincing in early scenes if not yet as the warrior in black, he sang firmly and securely, in tones bright and clear, a trifle hard and shallow. Nothing all evening, or in many months of Wagner singing heard live and on record, has sounded more beautiful, more nobly grand or amply sonorous, than Hans Sotin's bass rolled out along Gurnemanz's lines. It was often beautiful rather than meaningful sound, rich in accumulated wisdom, for the sense of the words was only intermittently conveyed in tone, inflection or detail of verbal enunciation. In this he was rather the opposite of Eva Randova's *Isolde*, intelligent Kundry, indistinct with the



Spas Wenkoff (Tristan) and Catarina Ligendza (Isolde)

*Tristan. The Bulgarian-tenor is words but...expressing, much so clearly superior to the recent run in the part, in warmth and character of timbre, in his ability to extract from small stature a knightly dignity, in the way the tone opens out for moving expression in the third act, that his principal failing of unclear verbal enunciation; over long periods could be borne with comparative ease. Although Isolde's high notes account for only a small percentage of her music, their placing is often musically climactic, and distress over Ligendza's straining of them may not be thought entirely frivolous. Like Ronald Crichton last year, I find her timbre unfocused, "cloudy and indeterminate," but as an example of the kind of admirable naturalness of acting was suddenly added a fullness of voice, with the *Liebestod* o some suspiciously ounding deep bell that, it was Minton's glorious the last act of each, Brangäne who seemed least expected it, the sustained with a new hat kept the attention ing.*

as not the kind of con- vance the mind away nesses in the stagings. n for Svoboda's *Tristan* act is based on an staircase that mounts ip's prowess, then to the. Finally to the Karol ll—must be according expectedly off form that his I found the layout of nguished, the colours prudent.

In Wolfgang Wagner's

Wigmore Hall

Peace on Parnassus

by NICHOLAS KENYON

It was a relief, after the somewhat empty pleasures of much of the Wigmore Hall's Early Music Festival, to find a concert there on Friday evening that had both purpose and substance. Ars Nova chose to juxtapose French and Italian music from around 1700; and to point up the contrast, they included Couperin's splendidly witty mixture of the styles of Lully and Corelli, "L'Apothéose de Lull," which ends with the two idioms reconciled in *Peace on Parnassus*.

London last heard this piece played on original instruments in Harmonic's supremely sophisticated performance with the Concertus Musens of Vienna at the English Bach Festival, and it was difficult as a result not to feel impatient with the more rough and ready account offered here. But the rest of the programme was a different matter: in the first half Duncan Druce brought considerable panache to a lecture on the Song of Songs by one Gratiani with an earnest grace that belied its technical demands.

Two sets of motets from Handel's time in Italy were sung, a four-square *Coelestis dnm sperat cura*, and an astonishingly experimental *Salve Regina*, filled with expressive fragmentation of the words, which seemed to be the words, some most uneasy on the ear, and containing a mini-concerto for the accompanying organ, played by Peter Holman: a fierce contradiction, this piece, of the view that Handel's style sprang fully mature from his mind. The accomplished writing in the one French church piece, Couperin's second *Leçon de Ténérès*, was a strong contrast, and Emma Kirkby sustained its soaring, arched lines (without the help of an ecclesiastical acoustic) with a controlled power that never destroyed her clarity and accuracy of pitch.

The Festival ended on Saturday night with a concert by the St. George's Canzona (reviewed on this page in April), but in the afternoon there was a lecture for children by Michael and Doreen Musket, who have popularised their displays of early instruments for several seasons now on the South Bank. I can't judge their success, being childless, but far too much of their spoken material seemed on Saturday to be either pointless or actually misleading. Little contact was achieved with the audience: jokes missed the children completely, and it's a sad lookout when only silly noises on wind instruments manage to raise a laugh. The range of instruments demonstrated and the facility of their playing is admirable, but the show is little more than a glorified catalogue of noises, without even an elementary social and cultural context. The instruments would bring the instruments to life and fix them in the responsive mind of a child.

Cottesloe

Sir Is Winning

by MICHAEL COVENEY

"Getting up people's nostrils is part of trying to do something new." So says Peter Gordon, who plays Terry Ellis, the dismissed Headmaster in this admirably responsible and informative piece of documentary theatre about the sad affair of the William Tyndale Junior School in Islington.

That is about as provocative as Ellis is ever allowed to sound by playwright Shane Connaughton. For the rest of the evening he comes across as a professional and serious teacher whose sensible theories of progressive education are impressively encapsulated in a speech where he avers that in order to learn to read, a child must first learn how to concentrate. An interest in chess or stamp collecting could encourage that attitude for concentration.

The future among some of the children's parents, fanned by a part-time remedial teacher, Dolly Walker, is climaxed in Christopher Morahan's production with a public meeting at which the parents' fears about a total free choice environment for children in school is conducted with the house lights up.

In the second half, the show correctly reflects the tangled growth of the dispute into the grey area of political conviving which involved the ILEA, the school managers, educational Press coverage. "Is This A School Or Is It A Scandal?" ran one banner headline in the *Evening News*; and the eventual dismissal of Ellis and five colleagues for refusing to participate in an ILEA inspection before the official inquiry.

If the evening, as theatre, is occasionally facetious where a previous Connaughton show (about George Davis, at the Half Moon) was aggressively electric, that may be because the text treads carefully and seriously through the issues which focussed a national debate about the entire educational system. About half the children were withdrawn from the school by their parents and by the time it ceased to function, Ellis was left emotionally drained and confused in his attempt to put his case to impatient managers, busy officials and even critical left-wingers calling for fundamental analysis.

Although the play amounts to a criticism of the findings of the enquiry under the chairmanship of Robin Auld, QC, it is surely desirable that public discussion of the case should continue, and where better to start than on the stages of the National Theatre. It is, after all, Ours, as well as theirs.

Lyceum, Edinburgh

Touched

Touched, by Stephen Lowe, has been reviewed here by Michael Covey when it opened at Nottingham. It was worth bringing it to the Edinburgh Festival, not only on its own merits, but as an example of the kind of work being done at Nottingham under Richard Eyre.

It is a study in the Armistice life of England between VE and VJ day, when the war seemed to be over and yet was going on out of sight. It is set in a terrace of houses in industrial Nottingham, ingeniously designed by William Dudley to give way to open parkland when required. Little happens. Betty, a romantic young girl, is conned into getting engaged to a Polish airman with prosperous pretences; her oldest sister, Sandra, believes herself a program from an Italian prisoner-of-war; Joan, the middle sister, busies herself running the play of the other two. They are played with deep understanding by Kay Adhead, Marie Yates and Susan Tracey. Two others complete the family group—Johnny, the half-wit boy (Mick Ford) and Sandra's mother (Kristine Howarth).

Sandra's phantom pregnancy is an allegory of the times, for everyone believes that the end of the war and the return of Attlee's Government will usher in a new age of justice and humanity. Only Sandra, the most introspective of the family, feels doubtful. After the bomb of Hiroshima and Nagasaki, they are all peering on the Heath when the little girl Pauline (Donna Owen) brings a handful of mushrooms. Be careful, Sandra warns her, they may be poisonous; and as the curtain falls she makes an evaluating examination of the dubious vegetables in her hand.

Mr. Lowe (who was not born until two years after VJ Day) has reconstructed the period with loving care but has a little spoilt it with his Brechtian anagnorsis—a "voice over" as account of Belsen and Buchenwald, illuminated subtitles, electrically displayed above the Lyceum's tall proscenium which lowers the pressure of the atmosphere so assiduously evoked.

People of Mr. Lowe's generation have this curious nostalgia for the war that they missed. It is unfair of them to peep over the shoulders of their characters and hint that there is more to their lives than they know.

B. A. YOUNG

Festival Hall

Beethoven's Egmont

South Bank Summer Music ended last Sunday with an absorbing account of Beethoven's music for Goethe's play *Egmont*. The overture, Cluckstein's two songs, the interludes and melodramas, were linked by the narrative written by Mosengeil and approved by the sage of Weimar, who had belatedly discovered that Beethoven's music, which he much admired, made his play too long. The result probably filled the second half of a concert in which there was room for the Triple Concerto (soloists Christoph Eschenbach, Salvatore Accardo and the warm-hearted Lynn Harrell) also for the Mexicanist aria "No, no turbati" which Ely Ameling sang with suppleness and the correct degree of contained passion.

Neville Marriner conducted the New Philharmonia. He can be depended upon for spruce, neat playing; the tension and commitment he and the orchestra brought to *Egmont* were out of the ordinary. These qualities were matched by Richard Faesch's excellent declamation—vigorous and incisive without false pathos. The melodramas made one realise that it is more often the speaker than the musicians who fall in matching the spoken word to musical accompaniment. Not so here. Miss Ameling took care of Cluckstein's songs. She has matured into a fine artist whom it would be a pleasure to hear in an extended recital.

RONALD CRICHTON

Three Choirs Festival, Gloucester

Williamson's Mass

by RONALD CRICHTON

For the coincidence of the 250th Three Choirs Festival with the Silver Jubilee a number of new works were commissioned, the most notable being a *Mass of Christ the King*, by the present Master of the Queen's Music, Malcolm Williamson. Though the composition was finished (a vocal score with indications of instrumentation was prepared some weeks ago) the complete orchestration was still unrede by the time of the final rehearsals. At last Thursday's premiere in Gloucester Cathedral, therefore, the Festival Chorus, the Royal Philharmonic Orchestra, and the week's chief conductor, John Sanders, were conducted to about two-thirds of the work. Four numbers, including the *Gloria Credo*, and one substantial Psalm setting, had to be left out.

In spite of the omissions, and as it first appears, and a finely textured *Agnus Dei* which made the sad fact that the choir was reduced to three hymns and two psalms to the words normally set for choral purposes. Williamson uses both a full and an "echo" chorus, a large orchestra, and which did little more than blur the soloists' busily employed singly and in concert. The take-it-or-leave-it directness of his style, in which the lamb of sweet concord lies down beside the lion of gritty discord, is once more in evidence, but employed with unusual concision. More than once Foulanc, a composer who also in his church music put his own stamp on a hetero- genuous idiom, came to mind. Various phrases recur to bind the movements together: a call in which the interval of a fourth is prominent, heard on the brass in the opening bars; the chant (diversely accompanied) to which the hymns are sung; a falling figure first occurring at the beginning of the *Agnus Dei*. There is plentiful use of post-ing unison metres such as fives and sevens; some straight- ing forward four-part choral writing (in "Pater noster" for example), which in Williamson's way is by no means as obvious as it first appears; and a finely textured *Agnus Dei* which made the sad fact that the choir was reduced to three hymns and two psalms to the words normally set for choral purposes. Williamson uses both a full and an "echo" chorus, a large orchestra, and which did little more than blur the soloists' busily employed singly and in concert. The take-

Elizabeth Hall

Messiah by ANTHONY HICKS

Though Handel has been "featured" in the concerts of the Academy of St. Martin-in-the-Fields during this year's South Bank summer music festival, all the music has been drawn from the standard instrumental and orchestral repertory. The choice of *Messiah* for the first Handel concert of the festival seemed to set the seal on this lack of enterprise. There were some marvellous contributions from the performers, but on the whole it was a shoddy affair.

Conductor Neville Marriner opted for the Christopher Hogwood version (as recorded by the Academy) which is claimed to be that of the first London performance of *Messiah* in March, 1743. As Nicholas Kenyon hinted when reviewing the recording, on this page, if isn't. Two brief examples: the turgid original opening of "Thus saith the Lord" was removed by Handel before the Dublin premiere of dramatic account of the middle section ("He gave His back to the smiters"—the words were almost certainly made when in the programme) Mr. Marriner, moved insensitively on to the next number.

The other soloists were more fairly treated and were invariably satisfying. Ely Ameling brought the right sense of joy and wonder to the Nativity numbers, Philip Langridge was electrifying in "Thou shalt break them" and Willard White found the variety of tone to encompass the resigned mood of the original version of "But who may abide" and the power of "The trumpet shall sound" (first section only, of course).

Mr. Marriner's mechanised parade ground beat was all too faithfully reflected in the clipped and hard-faced playing of the Academy's chorus, praise be, transcended it. They too were precise and well up to the considerable demands of the many fast speeds and fussy dynamic nuances, yet, thanks presumably to Lasslo Heltay's training, they were always fullness, warmth and unflinching commitment to both words and music. They made the evening worthy of a prestigious music festival—just.

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USED ROLLING MILLS, wire, rod tube drawing plant—roll machines—slitting—flattening—cut-to-length lines—cold saws—guillotines, etc.	P.O.A.	0902 42541/2/3 Telex 336414
FULLY AUTOMATED COLD SAW table & Lund with batch control. CUT-TO-LENGTH LINE max. 1000 mm 2 mm x 7 tonne fully overhauled and in best condition.	P.O.A.	0902 42541/2/3 Telex 336414
REBEL DRAFT GRAVITY WIRE WING machine by Farmer Norton 29"-31" diameter drawlocks. FLATTEN AND CUT-TO-LENGTH by A.R.M. Max. capacity 750 mm mm.	P.O.A.	0902 42541/2/3 Telex 336414
TWO STAND WIRE ROLLING STRIP FLATTENING LINE table speed 60 hp per stand. DIE MSA WIRE DRAWING MACHINES 5000 Fc./Min. with levers by Marshall Richards.	P.O.A.	0902 42541/2/3 Telex 336414
VERTICAL WIREDRAWING CK x 650 mm dia.	P.O.A.	0902 42541/2/3 Telex 336414
FLATTENING MACHINE 10 mm wide.	P.O.A.	0902 42541/2/3 Telex 336414
FLATTENING MACHINE 10 mm wide.	P.O.A.	0902 42541/2/3 Telex 336414
MOBILE YARD-CRANE in capacity lattice jib.	P.O.A.	0902 42541/2/3 Telex 336414

WANTED

USED ROLLING MILLS, wire and tube drawing plant—roll machines—slitting—flattening—cut-to-length lines—cold saws—guillotines, etc.

0902 42541/2/3
Telex 8951524

OVERSEAS NEWS

THE PALESTINIANS AND THE SUPER POWERS

Arafat slips in quietly Assad pessimistic for Moscow talks on Geneva prospects

BY DAVID SATTER

MOSCOW, August 29.

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, August 29.

YASSER ARAFAT... arrived quietly in Moscow today at the head of a Palestine Liberation Organisation delegation...

the 55-man PLO policy making Central Council reaffirmed Palestinian objections to Resolution 242...

PRESIDENT ASSAD of Syria, in an extensive interview in this morning's New York Times, said that unless Israel recognised the existence of a Palestinian problem...

the Syrian President stated that it is difficult to see even a glimpse of light on the 'rocky road' ahead to a peace settlement...

When Mr. Arafat last visited Moscow in April, he met the Soviet leader Mr. Brezhnev who assured him of Soviet support for the creation of an independent Palestinian state...

There have been mixed reports in Moscow on whether the USSR is urging the Palestinians to accept Resolution 242...

While he averred that he was willing to sign a limited peace agreement with Israel — and tacitly thereby admitting Israel's right to exist — he had little time for the American view that peace should be succeeded by full 'normalisation'...

Given Israeli aggressive intentions, he argued, Syria needed security guarantees more than did Israel, with evacuation of Israeli occupied territories a non-negotiable demand in any peace discussions.

E. Germany expels five to the West

By Leslie Collis

BERLIN, AUGUST 29.

EAST GERMANY has released from jail 10 political dissidents and expelled them to West Berlin in a drive to rid the country of protesters...

Those expelled include two men whose original applications to leave for the West with their families were rejected...

Adrian Dicks writes from Bonn: The expulsion of the five adds to the strain on relations between the two German states at the very moment that the Bonn Government is trying to impress that resumed talks with East Berlin might produce results later this year...

Italy's banks expected to reduce prime rate

BY PAUL BETTS

ROME, August 29.

ITALY'S commercial banks are expected to reduce their lending prime rate to 11.5 per cent...

The measures adopted by the minority Christian Democrat cabinet of Sig. Giulio Andreotti have been generally welcomed...

The Italian cabinet's decision to reduce the discount rate and introduce several measures to reduce the discount rate...

The Milan bourse, for its part, continued to recover to-day following the government's reduction in dividend taxes...

Dutch race against time

BY MICHAEL VAN OS

AMSTERDAM, August 29.

THE FIRST goal of Dr. Gerard Veringa, the Christian Democrat appointed by Queen Juliana to try to end three months of political crisis...

Dr. Veringa's last alternative would be a Left-wing or a Christian-Democratic minority Government...

U.S. pleased over South Africa bomb co-operation

By Jurek Martin

WASHINGTON, August 29.

THE Carter Administration is currently basking in the warmth of what it sees as much improved relations with the Soviet Union...

Little mention, however, is being made of the one aspect of the affair which might be considered embarrassing — that it was Russian, not American, intelligence work that determined that South Africa was contemplating an imminent nuclear bomb test...

What the U.S. considers particularly beneficial is that Mr. Brezhnev, the Soviet Union leader, should have initiated contact with President Carter on August 6 actually asking for U.S. assistance in stopping the South African test.

Call for Bhutto's arrest

LAHORE, August 29.

LAWYERS of Pakistan's High Court Bar Association in Lahore have demanded that the deposed Prime Minister, Zulfikar Ali Bhutto, be arrested and charged with murder.

In a unanimous resolution published in newspapers today, the Association said investigations have established that Mr. Bhutto, overthrown by the army on July 5, was responsible for the murder of a number of people.

Members of Mr. Bhutto's Pakistan People's Party had committed a breach of trust, misappropriated public funds and used wealth by abusing their positions, it said.

"We appreciate the policy of the (military) Government to bring all offenders to book but cannot understand why reports of these investigations and inquiries should not immediately be placed before a court," the lawyers said.

Chinese policy switch

BY YVONNE PRESTON

PERING, August 29.

THE SPREAD of more moderate policies in China was given another boost at the week-end when, at an official ceremony to exonerate and posthumously rehabilitate the former Education Minister, Chou Jung-shin...

China does not have enough research scientists or technologists to tackle the problems of economic modernisation and there is a grave shortage of young scientists and technologists.

The ceremony, attended by Chairman Hu Kuo-feng and the four new Communist Party vice-chairmen, the so-called Gang of Four radicals were accused of hounding Mr. Chou to death for his view that Chinese educational standards had dropped sharply after the Cultural Revolution.

The People's Daily has now recognised the importance of an educational "elite". Some people are naturally brighter than others, a recent article says. "We welcome the men of talent."

Fear of the emergence of an elite lay behind the efforts of the past ten years to trim the wings of the intellectuals and force months of manual labour upon them every year.

A recent article in the Peking newspaper, Kuang Ming Daily, said the decline in teaching standards has cost the country millions of tons of steel. Losses have been particularly serious in the scientific and technical fields.

The People's Daily has now recognised the importance of an educational "elite". Some people are naturally brighter than others, a recent article says. "We welcome the men of talent."

A FEDERAL appeals court to-day ordered that a reversal of a supersonic airliner Concorde be barred from making flights to New York until a court hearing on its landing rights here set for September 19.

Iran in 'U.S. barter deal'

New York, Aug. 29.

IRAN HAS lined up a major new barter deal with a U.S. engineering firm that will enable it to move 100,000 barrels daily of its hard-to-sell heavy crude oil on a long-term basis.

The deal involves the equivalent of a substantial discount off Iran's \$12.49 a barrel official price. PIW says it understands the deal will be sold to Saudi Arabia, Kuwait, Bahrain and Iraq.

EXPORTS of the Swiss chemical industry reached a record half-year value of Sw.Frs.4,376m. in the first six months of this year, passing the former peak of January-June, 1974, by rather over Sw.Frs.100m.

Ethiopia revamps command

BY JAMES BUXTON

ADDIS ABABA, August 29.

ETHIOPIA'S warfronts were reported calm today as the government began implementing a major restructuring of the administration aimed at improving wartime co-ordination.

The proclamation announced over the week-end, groups a core of supporters of Colonel Mengistu Haile Mariam, the head of state, into a National Operations Council under his direction.

At its core is the National Operations Council, which like the command is to be chaired by Colonel Mengistu. This body includes senior members of the Ruling Military Council or Derg, notably those responsible for

Concorde hearing set

NEW YORK, August 29.

A FEDERAL appeals court to-day ordered that a reversal of a supersonic airliner Concorde be barred from making flights to New York until a court hearing on its landing rights here set for September 19.

Kennedy's owners, the Port Authority of New York and New Jersey, is seeking a reversal of a federal district court ruling two weeks ago which ordered the authority's 11-month-old temporary ban on Concorde flights lifted.

WORLD TRADE NEWS

Papermakers to gain most from Swedish devaluation

BY KEVIN DONE

THE U.K. is Sweden's major export market, with Norway a close second, and the attraction of selling to Britain will be greatly enhanced by the 10 per cent devaluation of the Swedish krona.

Last year, 11.3 per cent of Swedish exports were directed towards Britain, compared with 1975, pushed Norway down into second place with 11.2 per cent. West Germany third with 9.9 per cent, Denmark fourth with 9.8 per cent.

With an immediate price freeze implemented in Sweden, U.K. exporters will clearly face greater hurdles in overcoming the effects of the devaluation on their competitiveness.

Growth in Soviet debt with West slows

BY DAVID SATTER

MOSCOW, August 25.

THE SOVIET UNION'S troublesome debt with the West continued to expand during the second quarter of this year but the amount of the increase was sharply cut back, according to figures released to-day in the Soviet Foreign Trade Review.

Soviet trade with the West is heavily in deficit — at the end of last year the Soviet Union's hard currency indebtedness is estimated to have totalled about \$3.14bn.

Commercial sources believe that the Soviets may be in the process of beginning to re-channel some of their trade with the developing countries and to find substitutes for Western imports and reduce the level of their hard currency indebtedness.

India clarifies steel plan

BY K. K. SHARMA

NEW DELHI, August 29.

INDIA'S MINISTRY of Steel has confirmed that the second stage of the Bokaro steel plant which will take its capacity to 4m. tonnes annually will remain the responsibility of the public sector Metallurgical and Engineering Projects India (EPI) and Heavy Engineering Corporation (HEC).

MECON is, however, negotiating with the U.S. Armco company for outright purchase of technology for the cold rolling mill complex that was originally to have been supplied by the Russians.

VW and MAN link for trucks

By Adrian Dicks

BONN, August 29.

THE COMMERCIAL vehicle market in West Germany at it abroad faces a new challenge in the form of the combination of forces now agreed upon by Volkswagen and Maschinbaufabrik Augsburg Nuernberg (MAN).

After at least nine months of discussion, the two companies announced to-day that they had signed a co-operation agreement which should allow the first new range of three models to be put on the market by the end of 1979.

Japanese colour TV exports down 31%

JAPANESE colour television exports fell by 31.2 per cent in July to 365,287 sets from a year before, due mainly to curbs in the U.S., the Electric Industries Association said to-day.

Colour television exports to nine-member EEC and Australia also fell sharply by 28 per cent in July to 27,585 sets from 37,585 in the same month last year.

AIRCRAFT FOR SALE

Newcastle Based Established Company Flight

FOR SALE Hawker Siddeley 125-400 Series Twin Engine Executive Jet

AND A very well-equipped Hangar with Offices, Stores and Passenger Lounge.

PLUS The services of the present Captain and Engineer who are prepared to relocate with the aircraft.

Enquiries should be addressed to Box G.493, Financial Times, 10, Cannon Street, EC4P 4BY.

LEGAL NOTICES

NOTICE OF THE HIGH COURT OF JUSTICE... In the High Court of Justice, Chancery Division, Companies Court, in the Matter of the Companies of the British Overseas Airways Corporation Limited and the Matter of the Companies of the British Overseas Airways Corporation Limited...

PERSONAL

YOUR HOUSE... If you are looking for a house, you will find it here. We have a selection of houses for sale in various parts of the country.

PLANT AND MACHINERY

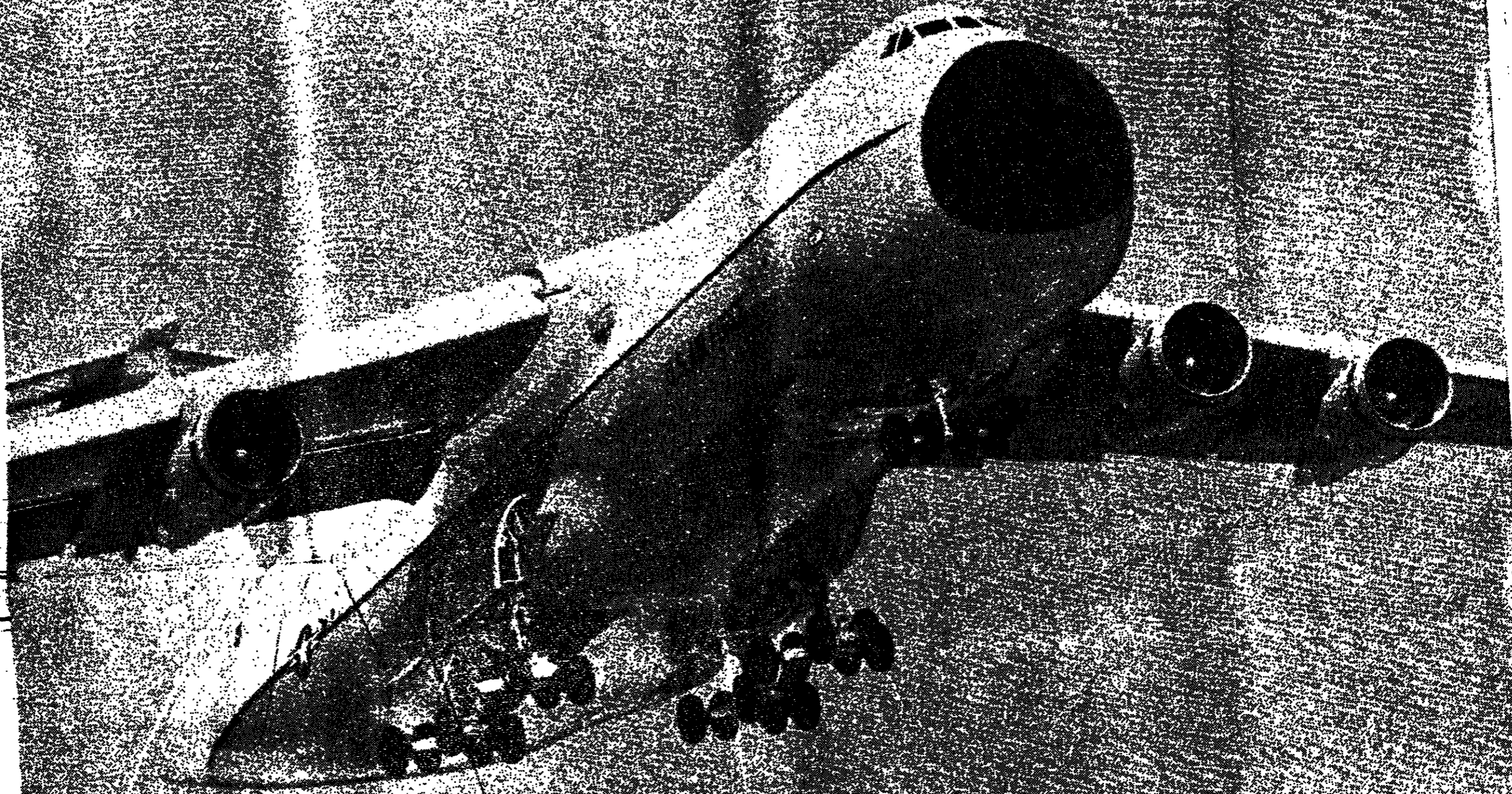
SALE... We have a large stock of plant and machinery for sale, including excavators, bulldozers, and trucks.

Handwritten signature or mark at the bottom of the page.

هكذا من الأصل

85 tons to Moscow.

Nonstop from Chicago by the USAF/Lockheed C-5.



The C-5 is the only airlifter that loads and unloads at both ends.

Refueling twice in the air, a United States Air Force/Lockheed C-5 airlifted a 40-ton superconducting magnet and 45 tons of related equipment from Chicago to Moscow last June. The 5900 mile flight was the longest in the history of aviation with this heavy a payload.

The largest airlifter in the world, the C-5 has transported heavier loads in the past but on shorter operational flights. The C-5 is operated by the U.S. Air Force's Military Airlift Command.

The magnet will be used in a joint effort by the United States and Russia to develop more efficient ways of producing electricity. One of the unique features of the C-5 played an important role during the airlift. To load and unload the huge magnet, the C-5 "kneeled" on its 28-wheeled landing gear. This lowered the

C-5 cargo deck to within five feet of the runway. The magnet and its ground transporter then were rolled up the C-5's nose ramp and into the giant cargo compartment.

The C-5 is the only airlifter that can kneel to handle such massive equipment.

Lockheed has been dedicated to building great airlifters for more than 20 years. It produced the C-141 StarLifter for the U.S. Air Force and recently stretched the fuselage of one of those airlifters to increase its cargo capacity 33%. It continues to build the Hercules airlifter, which has been chosen by 43 nations and has flown more mercy flights than any other cargo plane.

The world's biggest airlifter.
One of the technological achievements of the 55,000 workers at Lockheed.

HOME NEWS

The bid to bring jobs to the regions

A RECENT Government circular from the Department of the Environment...

Nor is life made any easier by the present plan to give special help to the inner cities...

Nor is local government uniformly prepared to take on the role of industrial developer...

The reversal of the move to new towns and a green field environment will be necessarily accepted by some of those towns...

The forefront of such industrial regeneration, with its special services...

Halton lives on its wits as it struggles to attract new industry

BY STUART ALEXANDER

HALTON COUNCIL came into being at the time of the 1974 local government reorganisation...

Witral and North Cheshire, and at Runcorn there is a new town development nearing completion...

Halton was formed by the twin towns of Runcorn and Widnes. They are connected by a steel girder bridge...

Problems About 87 per cent of the workforce has low educational qualifications and nearly 30 per cent of eligible pupils leave school at the minimum age...

able to find jobs for school leavers and there is a hard core which is being added to...

clined to use the committee as a forum for complaints against existing council services...

demand to the extent that Halton then became an embarrassment...

Makeshift Through the job creation scheme it has created for a year the post of industrial development officer...

Second, there is the time scale between the urgency of providing jobs and the area is not to become apathetic and run down...

Conflict Third, is the short time scale between the urgency of providing jobs and the area is not to become apathetic and run down...

The main impetus has come from the town hall which has had to learn quickly about the main planks of the strategy...

It is becoming almost impossible to find jobs for school leavers and there is a hard core which is being added to...

It is becoming almost impossible to find jobs for school leavers and there is a hard core which is being added to...

Flights still in doubt as go-slow resumes

Financial Times Reporter

THE RESUMPTION by air traffic control assistants of their go-slow at midnight last night brings further uncertainty for travellers using Britain's airports...

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Labour executive to back State bank plan at party conference

BY JOHN LLOYD, INDUSTRIAL STAFF

THE National Executive Committee of the Labour Party will recommend the formation of a State Bank at the Labour Party conference in early October...

Candidat resignatic is blow to Labour

By Ray Ferman, Scottish Correspondent

THE LABOUR Party received a blow to its hopes of holding a Nationalist Party seat at a by-election when Mr. T. Fagan, aged 55, the Party candidate for Dundee resigned after being fined for gross indecency...

Callaghan ready for Scottish tour

By Richard Evans

THE PRIME MINISTER, Mr. James Callaghan, is preparing his six-day visit to Scotland which starts tomorrow...

Public against nationalisation

FINANCIAL TIMES REPORTER

THE MAJORITY of the public is strongly opposed to proposals to nationalise the banks and are of the banks' joint advertising campaign against nationalisation...

Stop wreckers - Mrs. Thatcher

BY RICHARD EVANS, LOBBY EDITOR

A DEMAND by Mrs. Thatcher, she regarded as "Left" all those Conservatives who have sought to use force to get their own ends...

LEGAL APPOINTMENTS Company Legal Adviser c. £9,000 Your brief will be to develop and provide a comprehensive legal advisory service...

APPOINTMENTS Sales and Marketing Director for BRITISH LEYLAND'S BUS AND COACH OPERATIONS. Turnover in excess of £100m...

CHIEF EXECUTIVE The Tees and Hartlepool Port Authority seeks a Chief Executive to succeed the present Managing Director, who is retiring.

COMPANY NOTICES Dividend Notice The quarterly dividend of 54¢ per share of ISC Common Stock will be paid on September 15, 1977...

GOURMET CALLIOPOLI RESTAURANT, of Old Road Street, E.C.2. Opens every day for lunch dinner and dancing...

APPOINTMENTS Sales and Marketing Director for BRITISH LEYLAND'S BUS AND COACH OPERATIONS. Turnover in excess of £100m...

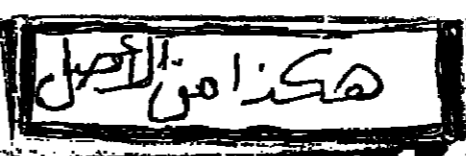
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Stop wreckers - Mrs. Thatcher A DEMAND by Mrs. Thatcher, she regarded as "Left" all those Conservatives who have sought to use force to get their own ends...

Advertisement for TROLL & CO. The City of London is one of the most congested cities in the world. Buildings are packed so close together that the handling of waste is a major problem...



Building and Civil Engineering

Busy month for Wimpey

SINCE this page last appeared (August 1), Wimpey has announced contracts totalling about £16m.

The latest awards include three from the City of Salford totalling nearly £3m, for the construction of 533 dwellings. The dwellings in traditional construction will be on three sites at Albion Stadium, Charles-town and Oldfield Road, Salford.

In Scotland Wimpey has been awarded a contract valued at just over £1m, for the re-alignment of part of the A71. Work has started and is due for completion in two years time.

From the Cardiff office Wimpey has announced a £12m. con-

tract for the construction of 132 dwellings at Dinas Powis in Mid-Glamorgan from the United Kingdom Housing Association.

Meanwhile, among the contracts awarded over the past three weeks was one worth £7.1m, for the erection of a research and development centre at Wantage, Berks, for Metal Box.

This contract calls for single-storey building with part semi-basement containing boiler house and storage areas. Also included are a part two/three-storey office and laboratory block, a single-storey cinema/lecture hall and six single storey ancillary buildings.

Work has begun and is due for completion in June 1979. Structural consultant engineer is John F. S. Pryke and Partners and quantity surveyors are Wakesman Trower and Partners.

Another contract from J. Salterbury and worth £1.4m, was for the construction of a supermarket, at Worle, Weston-super-Mare.

Apart from the 3,305 square metre supermarket there will be shops for sub-letting and these will add a further 1,970 square metres. Also included in the project is a petrol station and car parking facilities. Work has been started and completion is due in September next year.

Awards to Norwest Holst

CONTRACTS totalling well over £3m, have been won by Holst (Scotland) a subsidiary of Norwest Holst.

Two of the jobs are for the British Steel Corporation at Ravenscroft Works, Motherwell, where the company, under a £2.1m. contract, is constructing the reinforced concrete foundation for a continuous casting plant and is also carrying out repairs costing £735,000 to cooling towers.

A third contract is being carried out for constructors John Brown at the S.A.L. fertiliser plant at Leith Docks. This is worth nearly £1m. and is for a 70-metres high prilling tower.

At Runcorn, Cheshire, Holst

has been awarded a £1.5m. contract for work associated with a new plant at ICI Mond Division's Castner Kellner works, while for the Greater London Council it has a £570,000 job calling for an access road and weighbridge facility at the Epsom refuse transfer station. Holst already has the contract for the construction of the station itself.

Other contracts awarded to Norwest Holst include a job centre at the Brunel Centre, Swindon, for the Property Services Agency (£133,000), reinstatement of roads and footpaths for the Midlands Electricity Board and pipework for the BP Sullom Voe oil terminal power station for Foster Wheeler (£117,000).

the sinews of industry

CRENDON

precast concrete structures

CRENDON CONCRETE CO. LTD
Thames Rd., Long Crendon,
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Tel: Long Crendon 208481

£1½m. worth to Hantscon

CONTRACTS totalling £1½m. for work in Surrey and London has been won by Hantscon.

The largest is at Frimley where, on Lyon Way, a warehouse and office complex is to be built for Marlborough Property Holdings. When finished in the spring of next year it will be occupied by Toshiba (U.K.).

At Camberley, the company is to construct 45 flats at Daws Mare. This £1m. contract was awarded by the Most Housing Society in conjunction with the Housing Corporation.

A third contract, at Upper Richmond Road, Wandsworth, London, is for 25 houses for the borough council. Work has just begun on this £354,000 job.

£3½m. job at Heathrow

COSTAIN Construction has been awarded two contracts at London Heathrow Airport by the British Airports Authority.

One, worth over £2.5m., covers phase 3 of the overall redevelopment of Terminal 2. Extensive alterations will include the completion and complete refurbishment of the check-in area and two concourses above, including re-

moval of existing staircases, escalators and baggage conveying equipment and provision of new facilities.

This brings the total value of work awarded to Costain for the Terminal 2 project to over £6.75m.

Costain's other contract is worth almost £1m. and is for the construction of two gatways to Pier 6 on Terminal 3.

Designing a railway in Nigeria

FERRONIGERIA, international joint venture in which Laing has a 25 per cent interest, has won a big contract from the Nigerian Railway Corporation for the survey, mapping and design of a 428 km standard gauge section of the national railway system.

The contract (which is believed to be worth about £15m) was signed in Lagos by the Federal Ministry of Transport and is part of the projected upgrading of the Nigerian rail system from narrow to standard gauge.

The section concerned runs from Port Harcourt to Makurdi and serves the towns of Aba, Umuahia, Enugu, Emene, Ogbabo and Otuorkpu. Four branch lines are included in the contract which also includes operational and alignment studies, track design and the design of all structures, stations and buildings.

Other members of the Ferronigeria joint venture are Fonderolle SA, of France, Philipp Holzmann AG of Germany, and Impresa Astaldi

Estero of Italy.

Back in London, Guinness has awarded a £2.6m. contract to Laing for an extension to its Park Royal brewery. Work has started and is due for completion in early 1979.

The buildings involved have been designed by John Laing Design Associates and will have structural steel frames on pile foundations with in situ reinforced concrete floors and plastic-coated profiled steel cladding. Quantity surveyors are Andrew Roberts and Partners.

In the City itself, Laing has just started work on a £2m. operation to upgrade an office block for the Abbey Property Fund.

This job, at Staple Hill, Houndsditch, involves stripping out of the office and storage areas of the seven-floor block, minor demolition work and the construction of an additional storey. Architect is Ellis Clarke and Gallanough.

Still in the City, Laing will start work next month on rebuilding the former premises of Barclays Bank International

on the corner of Lombard Street and Gracechurch Street. The contract is valued at £9m.

Designed by London architects Wilson Mason and Partners, the building will have a gross floor area of about 160,000 square feet on basement, ground and five upper floors.

The front of the 19th-century building at 39-40 Lombard Street, which turns into Gracechurch Street, is being retained. Another structure, called the Ruskin Building, built over Lombard Court, is also being retained and converted into eight passenger lifts and, in the basement, a squash court and coffee lounge. A service yard, entered from Gracechurch Street, will have a turntable for goods vehicles.

Consulting engineers are (structural) A. C. Ross and Partners; (mechanical/electrical) Sir Frederick Snow and Partners and the quantity surveyors are Langdon and Every.

Bridge and roadworks

CONTRACTS valued at about £1.75m. for construction work five bridges and carrying out associated with the British Steel Corporation's direct reduction plants at Hunterston have been secured by Salfour Beatty Construction (Scotland).

The company is constructing roadworks required for the rail link between the plants and the main line. The work is being carried out under the supervision of Crouch and Hogg of Glasgow.

work awarded to Costain for the Terminal 2 project to over £6.75m.

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More room to research

A START has been made on a 31,600 square foot extension to the pilot plant at the technical centre of the International Wool Secretariat in Ilkley, Yorks.

The extension has been designed by Richard Collick Associates of Harrogate, with White Young and Partners of Leeds acting as consulting structural engineers and Davis Bellfield and Everest, as quantity surveyors. The main £385,645 contract has been awarded to Miles Construction (Leeds).

quantity information.

Its availability, on the firm's own Prime 300 computer will mean a considerable time saving in the drawing office as well as for the staff preparing important guidance documents for clients at home and abroad.

Oxsys was developed originally to handle the complex task of hospital building and is proving useful in coping with the intricate planning required for ports.

Further details of this suite of construction programs from ARC on 0223 65015.

SMALL BUILDINGS for light industrial use which can be made from pre-fabricated components are to be marketed by Oldroyd Brothers of Histon Station Road, Sutton Weaver, near Runcorn, Cheshire. Production of the components is to start in September.

The company is offering a steel frame plastic roof panels, translucent roof lights and plastic rainwater fittings. Wall panels will be obtainable but in general purchasers would supply these themselves in whatever form they desire.

The Pyramon system, as it is called, will be available in 10-metre modules which may be used individually or linked to form large structures.

Steel roof members will be galvanneal and the rainwater downpipes encased within the building columns to prevent accidental damage. It is claimed that a single module could be erected in less than a day.

Putting in the services

Howfield Engineering has won contracts to the value of over £770,000 for works mostly in London.

Included is a contract valued at £394,640 for providing electrical lighting and power, heating and ventilating services at a new factory to be built by Miller Buckley Investments at Landis Chase Road, Acton, Borough of Greenwhich by Mansell (New Buildings).

Howfield is also a sub-contractor to Willment Brothers for sheet lead roofing works valued at £97,789 in Carnaby Street, London W1.

services worth £142,360 are to be installed in a residential development in Fairbridge Road N19 for the London Borough of Islington for Scott Hale (Contractors) while in Guild Road, Charlton, London SE7, mechanical and electrical services costing £106,000 are to be supplied for 42 housing units, a project being carried out for the London and City Council by Greenwhich by Mansell (New Buildings).

Howfield is also a sub-contractor to Willment Brothers for sheet lead roofing works valued at £97,789 in Carnaby Street, London W1.

Automating the plans

WORK ON vast projects overseas, particularly on major port and harbour installations, by Sir William Halcrow and Partners, will be aided in the future through the recent installation of a suite of automated information handling and plan drawing programs from Applied Research of Cambridge.

Oxsys by ARC has, in this instance, been tailored to provide a database of design details, outlining design and initial costing, automatic plan or elevation drafting and automatic production of

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More work for Taylor Woodrow

TAYLOR Woodrow Construction (Northern) has received a £500,000 extension to its contract with the Northumbrian Water Authority at Westwood sewage treatment works near Consett, Co. Durham. The original contract, valued at £1,325,000, was for an administration building, pumping stations, percolating filters, settlement tanks and ancillary works.

The new contract includes construction of site roads and landscaping the whole site. Taylor Woodrow has also received a contract, worth £243,000, from the Central Electricity Generating Board for the construction of roads, drainage, and site preparation after the construction of 275/132kV Salfholme Sub-Station near Cowpen Bewly, Billingham, Cleveland.

Steel plant alterations

WHITE, YOUNG and partners, of the Shelton Works electric and Pritchard Williams and arc furnace scheme.

Hant, have been retained as consulting engineers and quantity surveyors respectively in vision of engineering workshop connection with the civil and structural engineering aspects of the works infrastructure.

considerable modifications are to be made to the existing steel making building as well as provision of engineering workshop facilities and development of the works infrastructure.

Building factories

CONTRACTS TOTALLING internal and external factory extensions.

Largest of the contracts, worth over £200,000 is for factory premises for Peterborough Development Corporation. The other factories are to be built house revitalisation scheme, and

IN BRIEF

- Bos Kalls Westminster Group has launched a new cutter suction dredger, the "Gironde," from the Van Rees BV shipyard at Sliedrecht, Holland.
- J. A. Elliott of Bishop's Stortford, Herts, have been awarded contracts worth more than £2m. They include a £1.2m. project for the Poor Sisters of Nazareth to provide old peoples' accommodation in Finchley, North London.
- Aberdeen Construction Group subsidiary, Alexander Hall and Son (Builders) has been awarded a £204,032 contract for 33 houses at Auchincryll/Kaimhill, Aberdeen.
- A contract worth £1.2m. for a 110m. gallon reservoir at the Pipri, Karachi plant of Pakistan Steel Mills has been awarded to Biwater of Dorling, Surrey.
- Rattée and Kell (Mowlem Group) has won a £1m. contract from the Scottish Provident Institution for new offices in Cambridge.
- Among several London area contracts awarded to Tarmac is a food production unit for Trust House Forte in Southwark (£590,000), a control room for the Water Authority and warehouses at Abercrombie (£284,000) and an office block for Chestnut Building Society at Waltham, Herts.
- Costain Civil Engineering has been awarded a £1½m. contract to surface the main runway at Benbecula Airport, Outer Hebrides, for the Property Services Agency.
- A £235,580 contract has been awarded by the Home Office to Drake and Scull Engineering for ventilating, air conditioning and hot and cold water services in the new South West Forensic Science Laboratory at Chesham.
- C. R. Stuart Construction is to build a catering unit, offices and warehouses at Aberdeen Airport at a cost of £124,000 for Scottish Express and Scottish International Caterers.

CONTRACTS AND TENDERS

The Workers Council of the Municipal Organization of Associated Work for Water Supply and Sewerage "VODOVOD" in Cacak, Vojvodje Stepe str. 3, invites for:

INTERNATIONAL BIDDING for Supply of Material and Construction of Industrial Sewer in Cacak, Yugoslavia (Tender No. 5, Part F-II)

SUBJECT OF TENDER: Industrial sewer for waste waters, about 4,000 m long, with dia 400 mm to 1200 mm of concrete or asbestos-cement sewer pipes. Other characteristics as stipulated in the project documents.

SITE: Cacak, from the Railway Bridge up to existing sewer discharge.

APPROXIMATE COST OF WORKS: 15,000,000.00 dinars

COMPLETION TIME: 4 months

SUBMISSION OF TENDER: 40 days from the latest publishing of advertisement

REPORT ON TENDERING RESULTS: 10 days after the session of the Workers Council of "Vodovod"

TENDER CONDITIONS:

- (1) Each tender must be submitted on tendering form of the Investor.
- (2) Each tender must contain completion date, coefficient for additional works, percentage of overhead charges for payment of sub-contractors.

AS SUCCESSFUL BIDDERS WILL BE CONSIDERED:

- (1) Bidders providing fixed price for works performance.
- (2) Bidders providing shorter but realistic date of works completion.
- (3) Those bidders who submit information on technical capability and also available machinery equipment.
- (4) Those bidders who can provide other essential feasibility documents (registration of company, business success, technical staff, information on previous similar structures, etc.).

The tender can be submitted with fixed amount on "turn-key" basis, which requires detailed study of the project and tender documents.

Tender documents and drawings can be obtained at the Investor—OOUR "Vodovod", Cacak, Vojvodje Stepe str. 3, each work day from 6 a.m. to 2 p.m. except on Saturdays.

The project documents can be examined at the Investor's head office, while tender documents can be obtained against payment as follows:

- (a) For Yugoslav bidders against payment of 3,300.00 dinars at the Vodovod Cacak account No. 61300-601-1076 at SDK Cacak.
- (b) For foreign bidders, tender documents can be obtained at the Consultant "Energo-projekt", Belgrade, Zelenci Venac 18 — Department for Sanitary and Industrial Engineering, IV floor, telephone: 627-522 ext. 433 against payment of US\$180.

Tenders will be opened on 23rd September 1977 at 8 a.m. in Cacak in the "Vodovod" premises.

All enterprises from countries which are members of the International Bank for Reconstruction and Development and from Switzerland can participate in this tender.

The structure being subject to this tender is financed by the International Bank for Reconstruction and Development from Washington.

MASS TRANSIT RAILWAY CORPORATION HONG KONG

PREQUALIFICATION OF CONTRACTORS

The Hong Kong Government has approved the extension of the Mass Transit Railway to Tsuen Wan. The Corporation will invite tenders for the construction of this extension on the basis of a number of separate contracts for the civil, electrical and mechanical works.

The civil engineering works will include approximately 7 KM of underground line in bored tunnels, 5 KM of at grade or elevated line, 11 stations, of which 7 will be underground, and a maintenance depot with a superstructure capable of permitting commercial development above. The electrical and mechanical works will include either 150 or 200 passenger cars together with associated equipment for signalling, communications power supply, escalators, automatic fare collection, station cooling, workshop facilities etc.

The civil works will be divided into approximately 11 contracts, tenders being based upon designs prepared by the Corporation. The electrical and mechanical works will be divided into approximately 10 contracts. Tenders for all works will be invited from selected lists of pre-qualified contractors and the Corporation, in selecting tenders, will take particular cognisance of the relevant experience of contractors for each particular contract.

Tenders for civil engineering contracts will be invited progressively throughout 1978, commencing in the second quarter. Tenders for the electrical and mechanical contracts will be invited during 1978.

Contractors who wish to pre-qualify should register their interest with the Corporation now and apply for a brochure entitled "Tsuen Wan Extension—Preliminary Information For Prospective Tenderers". This brochure will be available in September on payment of U.S. dollars 10 per copy on application to:

The Engineering Director,
Mass Transit Railway Corporation,
G.P.O. Box 9916,
Hong Kong.

This brochure will give full instructions to prospective tenderers on the details to be submitted with the application for pre-qualification.

THE PUBLIC ESTABLISHMENT OF ELECTRICITY

FINANCIAL DIRECTOR'S OFFICE

Call for Offers No. 655

For the Supply, Mounting and Installation of Transformation Stations 230/66 KV in the Tsuen Wan Extension of the Mass Transit Railway. The technical specifications and the quantities of materials and equipment are available with the Financial Director's Office. The tender documents (which are available with the Financial Director's Office) will be issued on Monday, 27th September 1977, between 12.00 hrs-14.00 hrs. The closing date for tenders is on Wednesday, 27th September 1977, at 12.00 hrs.

Offers are to be submitted to above establishment inside the office hours. The first shall contain technical and financial proposals. The second shall contain the tender documents. Then both envelopes shall be placed in a sealed envelope bearing the number of the call for offers and the name of the contractor. The envelopes shall be opened on Thursday 29th September 1977.

The bond amount to be submitted by the contractor shall be Three Million. Offers that do not comply with the required bond shall be disregarded.

Performance bond amount to 10% of contract price.

Delivery period for the new transformation stations is as follows:

- Akra Station: 1st stage: 25 months
- Leitosa Station: 1st stage: 25 months
- Leitosa Station: 2nd stage: 18 months
- Leitosa Station: 3rd stage: 18 months
- Leitosa Station: 4th stage: 18 months
- Leitosa Station: 5th stage: 18 months
- Leitosa Station: 6th stage: 18 months
- Leitosa Station: 7th stage: 18 months
- Leitosa Station: 8th stage: 18 months
- Leitosa Station: 9th stage: 18 months
- Leitosa Station: 10th stage: 18 months

For the Stations which are to be extended shall be the same as for the stations of putting the contract into effect:

- Kaboon Station: 11: 15 months
- Kaboon Station: 12: 20 months
- Kaboon Station: 13: 20 months
- Kaboon Station: 14: 20 months
- Kaboon Station: 15: 20 months
- Kaboon Station: 16: 20 months
- Kaboon Station: 17: 20 months
- Kaboon Station: 18: 20 months
- Kaboon Station: 19: 20 months
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- Kaboon Station: 96: 20 months
- Kaboon Station: 97: 20 months
- Kaboon Station: 98: 20 months
- Kaboon Station: 99: 20 months
- Kaboon Station: 100: 20 months

The tendered sum shall be used for setting the payments anticipated within the period of the contract for which the present call for offers is issued.

The International Bank for Reconstruction and Development shall guarantee the tendered sum in accordance with the terms of the agreement. These amounts shall be in all respects subject to the conditions and terms of this agreement.

The opening of the tenders shall be held in the presence of the Financial Director and Development Director of the Public Establishment of Electricity. The opening shall be held on Monday, 27th September 1977, at 10.00 a.m. at the P.E.E.—Damascus—Barrage new.

The Public Establishment of Electricity has obtained a loan from the International Bank for Reconstruction and Development in accordance with the terms of the agreement. These amounts shall be in all respects subject to the conditions and terms of this agreement.

The opening of the tenders shall be held in the presence of the Financial Director and Development Director of the Public Establishment of Electricity. The opening shall be held on Monday, 27th September 1977, at 10.00 a.m. at the P.E.E.—Damascus—Barrage new.

Public Establishment of Electricity,
Eng. R. Idris



Quarts in pint plot

The City of London is one square mile of potential congestion. To put up major buildings calls for a mastery of logistics. Work on the Bishopsgate Development involved the handling of vast quantities of clay, rubble and building materials while traffic flowed on. In extending our original Daily Express building we constructed a temporary overpass so that site clearance did not lead to road blockage. One of the reasons architects like working with us is because we don't let anything cramp their style.

TROLLOPE & COLLS

Trocoll House, 25 Christopher Street,
London EC2. Tel: 01-247 7666

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	British Genius Exhibition (cl. Oct. 30)	Battersea Park, S.W.11
Current	Silver Jubilee Exhibition (cl. Sept. 4)	Hyde Park, W.1
Current	Motor Cycle Exhibition (cl. Sept. 3)	Earls Court
Sept. 4-7	International Fashion Fair	Nat. Exbn. Centre, B'ham.
Sept. 4-8	International Watch and Jewellery Trade Fair	Wembley Conf. Centre
Sept. 6-8	International Carpet Fair	Harrrogate
Sept. 6-10	The Energy Show	Metropole Centre, Brighton
Sept. 12-15	Southern Flooring Exhibition	Olympia
Sept. 12-15	International Audio Festival and Fair	West Centre Hotel, S.W.6
Sept. 13-16	Control & Instrumentation Exbn.	Mercury
Sept. 13-16	Offshore Europe Exbn. and Conf.	Town Hall
Sept. 13-16	Chelsea Antiques Fair	Belle Vue, Manchester
Sept. 14-18	Int. Hardware Trades Fair	Cunard Int. Hotel, W.6
Sept. 15-18	Autumn High Fidelity Show	Nat. Exbn. Centre, B'ham.
Sept. 15-23	International Plastics Exhibition	Wembley Conf. Centre
Sept. 16-23	British Premium Show	Olympia
Sept. 20-23	Int. Filtration and Separation Exbn.	Olympia
Sept. 20-23	Dust Control and Air Cleaning Exbn.	West Centre Hotel, S.W.6
Sept. 23-26	Pet Products Marketing Exhibition	Earls Court
Sept. 23-25	London Int. Young Fashion Fair	Metropole Centre, Brighton
Sept. 26-30	Fire Protection and Control Exbn.	

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	International Radio and TV Exhibition (cl. Sept. 4)	Berlin
Current	International Fair (cl. Aug. 31)	Frankfurt
Current	Packaging & Printing Exbn. (cl. Sept. 2)	Leipzig
Sept. 1-10	Thessalonika International Fair	Thessalonika
Sept. 6-10	Industrial Electronics & Electrical Eng. Exbn.	Basle
Sept. 7-11	International Autumn Fair	Vienna
Sept. 7-13	International Furniture Fair	Utrecht
Sept. 8-12	Household Goods, Glassware, Hardware & Tools Ex.	Paris
Sept. 8-12	Christmas Antiques Fair	Zagreb
Sept. 9-13	International Autumn Fair	Paris
Sept. 10-13	European Men's Wear Exhibition	Lausanne
Sept. 10-25	National Fair	Valencia
Sept. 12-16	International Footwear Fair	Eds (Spain)
Sept. 15-18	Int. Children's Clothing Exbn.	Frankfurt
Sept. 15-23	International Motor Show	Geneva
Sept. 17-23	International Maritime Exbn.	Paris
Sept. 22-30	Int. Office Equipment Exhibition	Dusseldorf
Sept. 24-29	Int. Footwear Trade Fair	Milan
Sept. 24-29	Italian Furniture Fair	

BUSINESS AND MANAGEMENT CONFERENCES

Sept. 6	Association of Certified Accountants: The Finance Act 1977	Café Royal, W.1
Sept. 6-7	Financial Times, Money Management; Pensions for 1978	Royal Lancaster Hotel, W.2 Slough
Sept. 6-8	Urwick: Management of Finance in Construction	Moor Hall, Cookham
Sept. 7-9	Institute of Marketing: Effective Business Presentations	Seoul
Sept. 8-9	Financial Times, Korea Traders Association: Korea and the International Business Community	Frankfurt
Sept. 12-13	Financial Times, Automotive News: European Motor Conference	Dorchester Hotel, W.1
Sept. 13	Inbucor Group: National Policy and Pay	Carlton Tower Hotel, S.W.1
Sept. 14	Henley Centre: 2003—Britain a Generation Ahead	21, Tothill Street, S.W.1
Sept. 15	Confederation of British Industry: Argentina	Royal Garden Hotel, W.8
Sept. 15-16	AMR International: International Treasury Management	Stratford on Avon
Sept. 16	Cyril Aydon Associates: Current Cost Accounting for Company Directors	18, Mansfield Street, W.1
Sept. 20	Building Advisory Service: Safe Working with Asbestos	16, Park Crescent, W.1
Sept. 29-30	BACIE: Effective Presentation	

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on August 26, 1977. In some cases rates are nominal. Market rates are the average of buying and selling rates. They are shown in bold type. In some cases market rates have been calculated from those of foreign currencies to which they are tied. Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer. Abbreviations: (S) member of the sterling area other than Scheduled Territory; (K) Scheduled Territory; (O) official rate; (F) free rate; (T) tourist rate; (N.C.) non-commercial rate; (N.A.) not available; (A) approximate rate; (D) direct quotation available; (S/R) selling rate; (B/P) buying rate; (NOM) nominal; (EX/C) exchange certificates rate; (P) based on U.S. dollar parities and going sterling dollar rate; (B/K) bankers' rate; (R/S) basic rate; (C/M) commercial rate; (C/V) convertible rate; (F) financial rate.

Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling
Algeria (S)	136.25	Germany (S)	4.03/4	Guatemala	817.48
Algeria (N.C.)	136.25	Ghana (S)	19.50	India (S)	46.84
Algeria (F)	136.25	Ghana (N.A.)	19.50	Indonesia (S)	1,612.00
Algeria (T)	136.25	Ghana (N.A.)	19.50	Indonesia (F)	1,612.00
Algeria (N.C.)	136.25	Ghana (N.A.)	19.50	Indonesia (T)	1,612.00
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Algeria (N.C.)	136.25	Ghana (N.A.)	19.50	Indonesia (N.A.)	1,612.00
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Algeria (F)					

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The Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

El Donne discusses the benefits and disadvantages of buying a company aircraft

Not the chairman's toy—fly me

the sale of still prevails. For the business in the U.K. has aircraft is not, and never has difficult time in been, a "chairman's toy." It is years, there is becoming increasingly recog- nised as a capital-intensive tool of management which, for a period of properly used, can revolutionise a company's entire philosophy, and frequently also its financial results.

major U.K. dis- the whole of "Business aviation" is the generic title given to the use of aircraft solely by companies in the course of their day-to-day activities. It is part of the much wider field of activity known as "general aviation"—that is, all forms of aviation outside the scheduled and passenger charter airlines. Thus, general aviation includes all club and leisure and sporting flying, together with the extensive air-taxi operations, as well as the ownership of aircraft by individuals and companies for their own use. The latter alone constitutes "business aviation" in the correct sense of the word, although it is also often taken to include the regular hire of aircraft for specific purposes.

the overall "general avi- as this more in the U.S. during a recession which is an oil crisis. facturers—Beech, Piper—employed a situation which

tion" market is expanding throughout Western Europe, and a recent report (Europe's General Aviation, by Frost and Sullivan) suggested that over the next decade, over 100,000 aircraft may be spent on it in the EEC countries, with the rate of spending accelerating in the late 1970s and early 1980s as economic activity improved. According to the report, the major share of this growth is expected to be in business aviation itself.

Big names

Figures prepared by the U.K.'s General Aviation Manufacturers' and Traders' Association show that at the end of 1976, the number of aircraft of all kinds on the British civil register was 4,870 (excluding gliders). Of these, the major airlines accounted for about 357, with by far the biggest single section covering business and privately-owned aircraft, at 2,716. Of these in turn, about 200 were directly owned by about 180 companies, which collectively had a turnover of over

£200m, and include many of the biggest names in British industry, from Allied Breweries to Vickers, Wimpey and Whitbread.

The number of business aircraft may seem small as a proportion of the total U.K. fleet. The reasons for this hitherto slow development lie partly in the relatively dense surface transport networks in the U.K., but more largely in the innate conservatism of industry. While surface congestion increases, the export-based industries expand, and interest in business flying grows, the benefits the aeroplane can confer on industry are still insufficiently appreciated in many board-rooms.

This may be because these benefits are not easy to quantify directly in cash terms. Frequently, the benefits come from convenience. The greater operational flexibility offered by the privately-owned aeroplane (or helicopter) enables it to fly to many places not served by the scheduled airlines, since it can land on privately-owned airfields or grass strips. The airlines are served by 33 U.K. air-



A businessman boards a Jetprop Beechcraft King Air C90 at Leavesden Aerodrome. Leonard Burt

ports but there are a further 400 U.K. airfields or strips which are solely used by general aviation aircraft, and there are 1,800 more in the rest of Europe. The savings in costs are probably best measured according to the value placed by a company on an executive's time. The National Business Aircraft Association of America has a formula that divides the executive's average annual hourly workload into the annual turnover for which he is either responsible or contributing towards. If, say, his workload is 2,900 hours, and the turnover is £2m, then his time is roughly worth £1,000 an hour to the company.

This can be carried further. If he normally spends an average of one-tenth of his time travelling, or 200 hours a year, the value to the company of that time is £200,000. Although it would be unfair to say it is lost, because the executive probably works while travelling and in his hotel, as well as at the plant he is visiting, it is still in the company's interests to cut this cost as much as possible. Thus, after taking account of the money he would spend on scheduled flights, ground transport, hotels and so on, it is clear that it would be well worth providing the executive with a company plane.

The value of the aircraft to the company will be even greater if more than one member of management is entitled to use it. The greater the hourly utilisation, the cheaper it becomes to fly per hour. This cannot be stressed too strongly, however obvious it may seem. Any aircraft is a waste of money if it is kept solely for the use of the chairman or the board. The companies who get most value from an aircraft are those which allow anyone on company business to use it, even mechanics who can deliver and fit spare parts overseas, thereby pleasing customers and saving much time. It is remarkable how infrequently this point is grasped by the chairmen and directors of even the biggest companies.

to those capable of spanning the North Atlantic. The operating costs also vary widely, depending upon the type, and how it is used—for example, the cost of the pilot and other personnel must be taken into account. If this cost appears too formidable, it is possible for companies to undertake contract hire from one of the growing number of air-taxi operators or leasing groups, who will undertake to provide an aircraft at reasonable notice. The Air Taxi Operators' Association is a rapidly growing body whose members specialise in meeting this requirement from industry. Last year they carried 380,000 passengers and flew over 15m miles.

But whatever solution a would-be business aircraft user chooses, he would be well advised to consult the specialist organisations. These include not only the large number of aircraft dealers, who specialise in certain types of aircraft, but also the professional bodies such as the Business Aircraft Users Association, which has some 65 members who own their own aircraft, including some of the biggest names in British industry. Another is the General Aviation Manufacturers and Traders Association, representing not only the makers and dealers but many operators also.

Besides being ready to advise would-be business aircraft owners how to select the right type of aircraft, these organisations do a great deal to help

improve the overall climate of business aviation. They are currently fighting not only for continued rights to use Heathrow and Gatwick, despite the growing pressures on runway capacity from the scheduled airlines, but also for the establishment of a specifically "business airfield" close to London, with Northolt the preferred choice.

Owning a business aircraft is thus not something to be undertaken lightly, and adequate research is essential to avoid disappointment and financial loss. But with the best professional advice, and an enlightened approach to its use, business aviation can work wonders for any company. The 130 companies in this country who own their aircraft are not all in the big league. Some are advised to consult the specialist organisations. These include not only the large number of aircraft dealers, who specialise in certain types of aircraft, but also the professional bodies such as the Business Aircraft Users Association, which has some 65 members who own their own aircraft, including some of the biggest names in British industry.

Probably the best opportunity for would-be business aircraft owners to study the situation comes this week, with the biennial Business and Light Aviation Show, organised by Cranfield Institute of Technology, Bedfordshire. Embracing the whole field of business and private aircraft, it is now an indispensable item in the diary of anyone thinking of buying an aircraft for his own or his company's use.

Improving on the bare essentials

BY ADRIENNE GLEESON

British Institute devised a scheme for its collective attempts to a sudden stop was elected and a halt for a business. Now agreement between her try; and it quence produced, in with pension Noble Lowndes

Amicable Life new plan for its ber organisations. benefits to top up those avail- f them will be able from the two-tier scheme ie Institute admits which is to be brought in, by that the new plan the state in April, 1978. for those of its Of the two plans for provid- small to contract ing for lump sum benefits, Plan ge scheme without A, the less generous, requires times of high from employees 2 per cent of

inflation, a risk of bankrupting themselves in order to maintain an adequate level of benefits. What the new scheme is designed to do is supplement the state scheme by filling some of the more obvious gaps—in the provision, for example, of a lump sum benefit should an employee die while in service, and the provision of a lump sum benefit should he, on the contrary, survive to reach retirement age.

The scheme can, in addition, be expanded to provide pension benefits to top up those avail- f them will be able from the two-tier scheme ie Institute admits which is to be brought in, by that the new plan the state in April, 1978. for those of its Of the two plans for provid- small to contract ing for lump sum benefits, Plan ge scheme without A, the less generous, requires times of high from employees 2 per cent of

Technical Page

ARTHUR BENNETT AND TED SCHOETERS

WORKING

Cramped gear shaper

AS a new concept tions to make or feed change ing machines, the feeds are changed automatically movements can be and the only tion and jobbing work, machine has a vertical work axis, believed to be the mable gear shaper with a moving table. External and internal gears up to 400 mm diameter can be accommodated. Maximum cutter spindle stroke is 70 mm (optional—100 mm), with a maximum range shift of 30 mm. Standard stroking rate is from 150 to 1,500/minute (optional—200 to 2,000/minute). Rotary feeds are from 0.05 to 2.25 mm with radial feeds from 0.02 to 0.2 mm per stroke of cutter. W. E. Sykes, Manur Works, Staines, Middlesex, a 600 Group company, designed the machine and further details are available from the Group on 01 743 2070.

DATA PROCESSING

Point of sale is on the march

WARRINERS, wholesale distribution division of the Gallaher tobacco empire, is operating a pilot automated check-out scheme at its new cash and carry depot in Worcester. Using five ICL POS terminals and two small computers and printers, the equipment is intended to cope very quickly with dealers' requirements and produce at the same time, daily reports on goods inwards, shelf edge labels, stock files and handle customer file maintenance. The system is to a very large degree fail-safe because in the very unlikely event of both processors being out of action, the POS terminals will produce a printed list of items required by the dealers and store all the transaction details so that as soon as the array goes back into service, an invoice can be despatched to the retailers. It will be a guinea pig for a much more ambitious scheme which could ultimately cover Warriners and Mason's 37 cash and carry and 17 delivered trade depots throughout Britain. Boots has some 1,200 retail outlets in Britain.

MATERIALS

Sticks grit to roofs

THREE BITUMEN based gritting adhesives, called Bitugrit, for bonding stone chippings to bituminous felt or mastic asphalt roof surfaces, are available from Shell Composites, Riverside, Salford, Chester CH4 8RS (0244 679774). A solution, an emulsion and a hot compound, are each supplied in 25, 45 or 180 litre cans. The solution is for applying straight from the can by brush or squeegee in good summer or winter weather. The roof surface has immediate resistance to rain and frost. Coverage recommended is 0.7 litre/sq. metre for 3 to 9 mm chippings and 0.9 litre/sq. metre for 12 mm chippings. The water-based emulsion is not for use when rain or frost is likely before it is dry. A carbinic emulsion, it bonds better to acidic chippings of flint or granite than to limestone. The hot compound is for fast gritting over a large area of asphalt. It is a solvent and penetrates to give a long-lasting bond. It has to be heated to about 140 deg. C before application, when it can be used in the same way as the solution.

RESEARCH

Coal-burning experiments

ONE OF the largest electricity utilities in the U.S. American Electric Power, has decided to press on with its researches into the coal-burning technique known as pressurised fluidised bed combustion. The company is collaborating in this project with Babcock and Wilcox and with Stal-Laval Turbin AB, a member of the Eastern Ohio coal, which is relatively high in sulphur content, has been selected for the Leatherhead trials because it is expected that a demonstration facility will eventually be located at the Tidd plant of Ohio Power Company on the Ohio River at Brilliant, Ohio. The plant there is to be designed to produce 170,000 kW. Cases from the fluidised bed combustors will operate a 65,000 kW gas turbine while steam produced in tubes submerged within the bed will be piped to an adjacent Tidd plant to run one of its two 105,000 kW units, generating more electricity. Marking in the U.K. is by Denis Leader, Snaresgate Street, Dover, Kent CT17 9DB (034 202268).

INTERNREGIO 77

INTERNATIONAL EXHIBITION FOR SUBCONTRACTING INDUSTRIES

GHENT — BELGIUM

23rd-26th November 1977

Information:
International Ghent Fair
Floraliapaleis
B-9000 GHENT (Belgium)
Tel.: 091/22.40.22

HEATING

Hot water from waste

ALMOST ANY combustible waste, such as wood, paper or baled straw, as well as solid fuels, can be used to fire a Danish boiler now available in the U.K. Burning plastics is not recommended. Made by HS Boilers of Tarm, there are two models with outputs of 88,000 and 140,000 Btu/hr. The combustion chamber and water jacket is cylindrical, and it is claimed that stoking is only required at eight-hour intervals, and ash removal once a fortnight. If connected to an existing central heating system, the boiler controls are interlocked with the original oil or gas boiler, so that the original boiler fires if the temperature from the waste burner drops. Alternatively the HS boiler can be fitted with an oil burner, to supplement heat from waste combustion. Where the Clean Air Act applies, an after-burner can be supplied to reduce smoke emission. Marketing in the U.K. is by R. Tomlinson (Boilers), Lotherton Way, Aberford Road, Trading Estate, Garforth, Leeds (0532 861122).

COMPONENTS

Tiny motors to order

PORTESCAP has introduced a new OEM stepping micromotor (the S07) and at the same time launched an associated custom design service specially for OEM markets. The S07 has been designed specifically for the horological (quartz-crystal watches) and precision engineering (delicate instrument control) industries, and is based on the same patented principles as Portescap's previous stepping motors: a thin multipole magnet rotates in an axial air gap between two toothed flat stators. It is being made available as a set of basic components—the rotor, stators and coil core—which are then engineered by Portescap to provide the exact stepping motor required by the OEM customer. If this involves some special development work, Portescap is prepared to enter into a joint venture with the customer. The basic specifications of the S07 include a 5.59sec rectangular pulse duration, six-step-per-revolution operation, a range of motor shaft torques, and current consumption between 1.6 and 4.7 microamps per Hz depending on the torque selected and the size of the coil. The motor is supplied as separate components, so that its assembly can be incorporated into the OEM's end-product production line. Portescap (U.K.) at 204 Elgar Road, Reading, RG2 0DD. 0734 861485.

PROCESSING

Polishing machine

MOULDS FOR the plastics industry can be polished with a French machine which produces a mirror finish, faster and to a better quality than by hand. Flat, curved, internal and external cylinders, cones and similar plain surfaces are handled. The water-based emulsion is not for use when rain or frost is likely before it is dry. A carbinic emulsion, it bonds better to acidic chippings of flint or granite than to limestone. The hot compound is for fast gritting over a large area of asphalt. It is a solvent and penetrates to give a long-lasting bond. It has to be heated to about 140 deg. C before application, when it can be used in the same way as the solution.

Could Fiat Solve your Transport Problems?

We believe that we can, and here are some of the reasons why. We can offer first-class availability with over 300 new cars in stock. Unique 2-year Fiat Mastercover Warranty with months' free maintenance. The most comprehensive after-sale service in the country. Price advantage at present the of exchange between the Lira and Pound is particularly urable. Outstanding service from one of the best road workshops in the country, plus over 350 service vans in the U.K.

Please contact Graham Ferrer at Brentford or Barry Unwin at Baker Street to discuss your company's requirements.

FIAT MOTOR SALES LTD

1000 Baker Street, London, W1M 1LL. Tel: 01-262 7265

CONFERENCES

Technical products sought

REPRESENTATIVES of eight London SW1Y 4QS—the Province's headquarters in Britain. Among products sought are: moulding compounds, automotive products, wood and plastic windows. Companies are also looking for industrial process controls, filtration equipment, furnaces, energy-saving devices, filters, mining and process equipment, fire and corrosion resistant coatings.

Low cost power generation & motor control centres

dupar pelapone ltd derby
telephone: 0332 45436

Thorn Ericsson know communications

inside & out!
THORN ERICSSON

CALCULATORS

Panasonic's desk-tops

DESPITE A number of resounding departures from the calculator market in recent years, National Panasonic has decided to come into the desk-top arena with two models to be distributed in Britain by Teletronics. Both 12 digit display units, the more powerful version has a print-out option. They are intended as a direct replacement of the adding machines still in use in many offices and offer far greater versatility and speed of operation, together with memory, percentage, square root and reciprocal functions that the old machines do not have. Teletronics, 9 Connaught Street, London W2. 01-723 7443.

"Lunch at the Trianon for only £5.50?"

"Surely you mean £15.50?"

No, it's not a misprint. You can now have lunch at the Trianon for £5.50. By 'lunch' we mean an appetizer, main course, sweet or cheese, coffee, service and VAT. True to our usual gourmet traditions, you've plenty of imaginative choices on the menu. Indeed, our chef varies it daily. And, of course, the Trianon overlooks peaceful Lowndes Square. So the atmosphere's most relaxing.

The Trianon is open for lunch every day, 12.30-3pm. You can book on 01-235 8050.

Le Trianon Restaurant

Sherraton Park Tower
Peace and quiet in the heart of Knightsbridge

American steel battles growing imports

By STEWART FLEMING, New York Correspondent

A pause that refreshes

TEN DAYS AGO the Bank of England was quite widely criticised for signalling an end for the time being, to the renewed fall in interest rates...

Transatlantic gap

However, it takes two parties to create an interest rate differential. The recent rise in commercial rates in New York has further narrowed the transatlantic gap...

Sweden counts cost of welfare

THE DEVALUATION of the Swedish krona, announced at the week-end, is the third within a year and is a further sign that the Swedish economy...

Deep-seated

So much was clear from Mr. Faeldin's Press conference yesterday. The accompanying measures announced so far are either short-term or palliative in nature...

THE STORY of a major industry being trapped in a vicious circle of inadequate profitability and investment is an all too familiar tale to European and particularly British ears...

The U.S. has had little experience of such industrial malaise. But there is growing anxiety that the domestic steel industry which in 1950 produced half of world output is displaying many of the symptoms...

The industry itself is clearly conscious of the threat and is increasingly belligerent both in its pricing and its attitude toward foreign imports.

Georgetown Steel, a German-owned U.S. steel maker is also preparing an anti-dumping suit against European steel-makers...

Mr. Monnett says he would not be surprised to see other suits filed against European producers whom American sources widely accuse of being the most blatant dumpers in U.S. steel markets.

The share of imports in the domestic U.S. steel market is running at a rate approaching 17 per cent this year, compared with 14 per cent in 1976.

To U.S. makers imports are one of the factors holding back profits by holding down their own production and prices.

MEN AND MATTERS

Nice mice prices leap

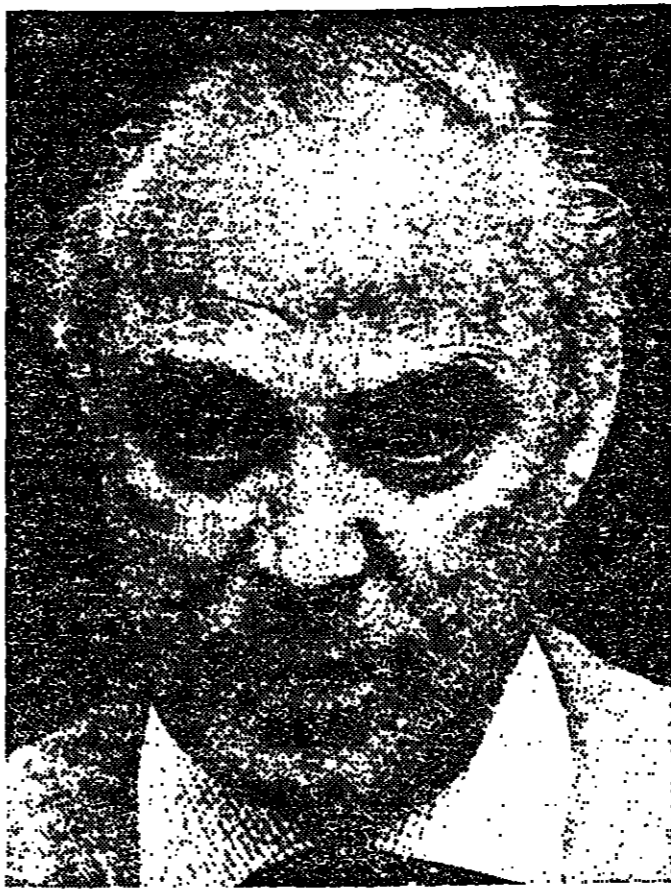
It has been said that whoever first thought of eating shrimps must have been... terribly hungry, a sentiment I share when it comes to the edible dormouse.

And if dormouse, chicken-like and a reputed aphrodisiac, is beyond your pocket, your palate or both, Messrs Hunt also do a nice line in rook and crow for adventurous eaters.

Is the world's largest banking group mistrustful of the British Post Office? An envelope arrived in my office marked "If not delivered in five days please return to Bank of America."

The prospect of a census means, to me at least, a vague but definite feeling that the bureaucrats are about to force another pointless exercise on the long-suffering taxpayer.

The prospect of a census means, to me at least, a vague but definite feeling that the bureaucrats are about to force another pointless exercise on the long-suffering taxpayer.



Mr. Robert Strauss was outraged.

economic levels the Japanese companies manipulate export prices to increase exports and production.

The allegation has of course been challenged by the Japanese. But during July, in a paper which really stirred up the steel industry's wrath, it was challenged even by an American.

Under conditions of free trade we do not believe that the United States steel industry is economically sound over the long term.

Mr. Bradford's analysis is coming under strong attack from the industry, in particular his estimates of Japanese labour costs and productivity.

out that while U.S. steel companies have not been investing in green field sites, they have been improving their old plants and investing heavily, more heavily than has been really justified by profits.

Some analysts suspect that both Mr. Bradford and his critics are oversteering their cases. Whatever the subtleties of the argument, some broad conclusions are readily apparent.

There is not much evidence that the construction of new advanced facilities is likely on any scale. Arco Steel is only one of the companies which has said it does not intend to make major new commitments to steel at present.

Like many steel companies, U.S. Steel is probably at the point where it could only raise outside finance at the expense of a lower debt rating.

Mr. Bradford's critics point out that while U.S. steel companies have not been investing in green field sites, they have been improving their old plants and investing heavily, more heavily than has been really justified by profits.

Some top steel industry executives doubt whether the Carter Administration will really pursue the steel issue with as blunt an instrument as an anti-dumping case, especially since under the 1974 Trade Act the Treasury cannot use the case as a delaying tactic but has to complete the investigation in at most nine months.

Meanwhile some steel planners believe that the world steel industry is in an extended crisis. They point out that steelmaking technology is readily available, that big plants are the most efficient, and that a steel industry forms the basis for the development of many less-developed nations.

Table titled 'THE U.S. STEEL SUPPLY' showing data for years 1970-1977, including shipments, exports, imports, and supply.



What's the fuss about? Britain has got one man, one vote but that's still ruled by a minority!

natives were almost unbearably polite. But there were plenty of other hazards involved in taking a census of a population of some 100,000 scattered over 36 of the 169 islands in the kingdom, which covers 140,000 square miles of the Pacific Ocean.

Doyle was seconded from the Home Office to help organise the job, and he recounts some of its more unusual aspects in the latest Statistical News.

Doyle's proud postscript: the Tongan population numbers 90,128, of which 46,029 are male and 44,099 are women.

Horrid Neatly sinister piece of graffiti at Redhill station, Surrey. "Drink varnish. It kills you but gives a lovely finish."

do not want to disappoint you. If they cannot supply the substance of rapport, then they are determined to supply the most reassuring and comforting shadow they can.

"A quaint habit of Tongans, guaranteed to fray the nerves of social researchers, is to answer negatively-phrased questions with the logically correct, but linguistically incorrect, answer. Q: Have you no bananas? A: Yes. We have no bananas."

Getting around the islands was always difficult, but Doyle recalls that the 16 in the Ha'apai group (the mutiny on the Bounty occurred in this area) presented the most problems.

But the launch could not cross the reefs surrounding the coral islands, so intrepid social researchers had to descend via a ladder to a tin dinghy. Tricky enough, but then one of the sailors lost the ladder in 16 fathoms of water.

Doyle's proud postscript: the Tongan population numbers 90,128, of which 46,029 are male and 44,099 are women.

Horrid Neatly sinister piece of graffiti at Redhill station, Surrey. "Drink varnish. It kills you but gives a lovely finish."

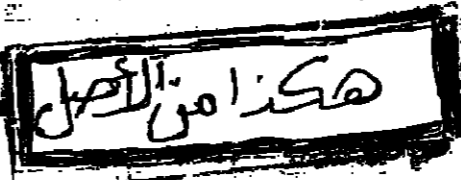
Observer

Advertisement for Prime Computer featuring a cartoon character and the text 'Prime help you grow' and 'PRIME COMPUTER UK'.

Handwritten signature or mark at the bottom of the page.

FINANCIAL TIMES SURVEY

Tuesday August 30 1977



Middle East Construction

The frantic pace of construction in the Middle East in recent years has begun to ease — but so great is the market that the area still offers the best opportunities for companies which are willing to accept local, usually tough, terms.

gh

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ket

rd Johns
Editor

CONSTRUCTION boom in the Middle East remains a world. The past year has seen a slow-down from rates of growth that in 1975—a year after the oil price had created almost systems, manpower and administrations. In the point of view of the Middle East, construction has been mercifully levelled off to In real terms, oil has been more or less \$23.4bn., according to the estimates of Plantecon (Overseas) Research, which projects an increase to \$26.2bn. or nearly 12 per cent. in constant prices by 1981. Steady, if undramatic, expansion of the market is in prospect. With prospects of economic recovery elsewhere so undesirable limits to dislocation. Correspondence has been an international construction companies on the region is as great as ever.

By the game taken, the competition is fiercer than ever and the market tougher. The tendency of Middle East states to go for the lowest bid regardless of quality endures. So, too, does the insistence of states on fixed-price contracts at a time when local inflation continues to run at an uncertain and often high rate. As if encouraged by the more intensive search for work overseas the clients of the region have not shown any inclination to relax other harsh terms. Contractors still have to obtain unconditional guarantees in respect of performance. Taken together with the harsh environment, shortages of labour, transport congestion, local scarcity of materials and equipment, bureaucratic inefficiency and payment delays, the contractual framework makes the region generally a forbidding proposition for all but the determined and the efficient.

Generous

Advance payments can be generous, like the standard 20 per cent paid by Saudi Arabia, and are the equivalent of an almost interest-free loan. The risks of unfair calls upon such "loans" and performance bonds, may be minimal. The contingent liabilities are there and becoming frighteningly large, however, U.K. and U.S. contractors, meanwhile, have generally been handicapped because their banks have tended to count the value of guarantees against lines of credit. In this respect their European and Asian competitors—with closer links with their respective banking

systems or greater reassurance from their governments—have evidently had an advantage. Yet, as a result of the boom in the Middle East, and risks arising from it, the trend has been towards greater State support for contractors bidding for and undertaking projects in the region, including bond support schemes and insurance against cost escalation at home. Refraining from them, the U.S. and Sweden have argued that such policies will only lead to the perpetuation of contract terms dictated by the oil rich of the region.

There are exceptions to this general rule of rigid conditions. For defence projects like those supervised by the U.S. Corps of Engineers in Saudi Arabia and in Iran, negotiated within a government-to-government framework, bonds do not apply and cost escalation is allowed. Some states like Dubai in the UAE are prepared to negotiate terms with trusted contractors. The supplier is in a position to obtain more internationally acceptable terms in areas of advanced technology or when a credit package is needed to finance a project. However, the oil states running into or close to deficit are able to raise their own funds independently on the market at cheaper rates than supplier credits. Projects in the poorer Arab states are often financed directly by the oil-rich states or through the aid-funds buyer's market where cash-payment, self-financing projects predominate but contract terms are harsh.

Libya stands out clearly as the biggest risk as evidenced the fact that premiums charged on

account of it by Lloyd's are double those for any other country in the region and cover from Britain's Exports Credit Guarantee Department is restricted. Among the oil producers Iran, Algeria, and Oman have recently had a bad record for payment delays. The same is true of Qatar—presumably because the Ruler has to approve the important disbursements. Saudi performance can vary from the adequate to the abysmal according to the ministry or agency concerned. With their endemic shortages of foreign exchange Egypt and Sudan are poor propositions.

A tough environment for contractors, in every sense of the word and by any standards, places a premium on planning, organisation and financial strength. A good local partner can be vital to success but local sub-contractors with a limited asset base and liability call on funds should be treated with particular caution. It is folly not to make generous allowance for the risks that are commensurate with the rewards. "To-day we may call the Arab countries a Mecca for builders but we should not forget that such a pilgrimage also requires patience and endurance." That comment came last year from a director of Philipp Holzmann which has been successful in the region and has undertaken a number of projects in Libya, the most difficult market of them all. West German contractors are said to be foremost among the West Europeans for their organisational efficiency. This made all the more dramatic the collapse of an

affiliate of Bremer Trenhard, a respected and solid West German concern as a result of a housing contract in Algeria. But risks are commensurate with rewards. Nowhere is that more true than in Saudi Arabia where most of the problems are magnified in line with the scale of their projects. Says one U.S. banker with intimate knowledge of the market and with reference to the super-heating of 1974-75, "There have been comparatively large winners with net incomes running in excess of 30 per cent of the contract value—but also a large number of losers. Because of the fixed price nature of contracts, a number of Western contractors, particularly those working on road contracts that were bid in 1974, have sustained major losses. One European company sustained losses on a contract equal to its entire value."

Proportion

The importance of the Middle East to construction companies hungry for work can be seen from the fact that no less than 37 per cent of the turn-over of Laing last year came from the area. But the relative proportion of profits from it has been small and dipped to just under 10 per cent. in 1976. Laing reported that it had suffered from greater than anticipated cost escalation in Saudi Arabia. Because of the reordering of priorities in the Kingdom, other contracts did not materialise. Together with Wimpey, Laing has had the advantage of a joint partner in the well-established Ali Reza U.S. contractors are equally

concerned about obtaining work in the Middle East at a time of stagnation and unemployment at home. The importance of the market was abundantly shown by the campaign mounted by the business lobby against the attempts of Jewish pressure groups to get legislation passed against foreign boycotts which would have effectively barred American contractors from the Arab world and in the modified form enacted will inhibit small concerns or those not already established there. It is reckoned that over the coming five years U.S. contractors could get \$30bn-worth of contracts with a value of \$18bn in Saudi Arabia alone.

It is the same for Italy, France, the Netherlands, Belgium, West Germany and Japan among the leading industrialised countries. The Greeks, Yugoslavs and Cypriots have been as active in their own way seeking contracts and been aided in the process by their ability to mobilise their own national skills on site. Provision of cheap, hard-working manpower, together with good organisation, has been a key factor in the amazing success of South Korea in gaining \$5bn. or so in contracts in the Gulf area over the past few years. No doubt stimulated by this achievement, India and Taiwan, both with a developed industrial base, have been bidding hard. The Asian challenge has further been stimulated by Saudia Arabia's angry rejection of the "inflated bids" of Western and Japanese contrac-

However, it is clear that the going has not been easy. In Iran, the Laing-Wimpey partnership was adversely affected by the slowdown in the \$500m-plus Isfahan ordinance complex as a result of foreign exchange shortages. Costain's too, must have suffered from the prevarications over the housing project for the naval base at Shababar. Iran in its own capricious way presents peculiar difficulties of its own—witness the experience of Marples Ridgway with the customs and excise which for some time refused to allow importation of equipment required for its big road project in the south of Iran although their purchase from outside formed a condition of contract. With the advantage of cost-escalation provisions, that contract is now contributing to profits. Yet the experience of Cementation which is still awaiting payment of £900,000 for design work on hospitals has served as a warning to all. Well-entrenched in the region, Costain's have done no less than £500m. worth of business there over the past decade. Deriving the benefits of continuity of work and close local connections, particularly in Dubai, the company has reported profits 54 per cent higher, of which two-thirds came from the Middle East. It is constructing the Dubai drydock with Taylor Woodrow, for which the region has also been the biggest overseas contributor to profits. And work there added significantly to Tarmac's lost results. U.S. contractors are equally

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WHAT PRICE COSTAIN EXPERIENCE IN THE MIDDLE EAST? £480 MILLION.



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MIDDLE EAST CONSTRUCTION II

New ground rules for contractors

OF ONE THING the civil national construction industry engineer or building contractor is concerned. Far from it. The site in question will, more likely than not, turn out to be nothing more than a mound of sand where Centigrade temperatures can reach more than 50 degrees and where water, power and accommodation are simply not available.

To build in the region is to take on and, hopefully, solve a wide range of self-generating problems, large and small; to confront the sort of difficulties which even the most experienced and vivid imagination could not visualise in advance; to face constant communications problems, both in terms of distances and people, to cope with stifling bureaucracy, manpower problems, material shortages, new laws, the vagaries of a client who may be used to absolute authority and, last but by no means least, inflation rates which continually gnaw away at fixed price contracts.

There are fundamentally only two types of construction company in the Middle East—those with some experience of the region or at least some of its markets and those with none. The former will tell the latter that he is wasting his time trying to get a foothold now that the boom is over anyway and that even if he gets some business he won't make any money out of it.

The long-established contractor will emphasise that he has been operating in the region for years as a part of a well defined strategy which dictates that workload and risks are spread as far and as wide as possible. They have had time to work their way into markets where everything takes time, to make the right contacts, to forge the correct partnerships and to spot the profitable business, as well as to make mistakes and learn by them.

For the newcomer, invariably forced to seek work where work exists or face the consequences of a domestic recession, the situation is completely different. He is competing in a market where the preliminaries to business are a fine art, where a wrong move can cause grave offence and lose a job. He is up against the best competition: the world construction fraternity can muster and, despite stories to the contrary, price-conscious customers in tough market who have rapidly become aware of any attempts to capitalise out of their relative inexperience. He also wants work quickly.

That is not to say that the newcomer cannot find contracts and cannot make money. But, equally, he cannot arrive and expect to play the game his way. His patience and readiness to adapt to the status of a guest worker will prove as valuable an asset as any bank guarantees.

Apart from his own resources and ingenuity, the contractor may well find that the difference between success and failure could be decided by the extent of the back up provided from throughout the region, outside. More and more it usually means precise countries are realising that national as well as individual effort is required to capture a share of an intensely competitive market place and a combined approach, incorporating such essential services as local intelligence system, insurance cover and extending cover matters like personal and corporate tax concessions, can often pay handsome dividends.

In this respect, some countries have been more astute than others and their contractors believe the back-up they have received has on occasions made all the difference between success and failure. There are limits, however, to just how far the process of state support should go and many observers would hold up the case of the South Koreans as a supreme if extreme example of what can be done through collective effort.

No-one knows if the South Koreans are actually making much money out of their contracts, with bids invariably 20-30 per cent below everyone else's, or if they are principally content to earn large volumes of foreign currency and establish a presence in the region. Whatever the case, in a few short years the South Korean construction "army" approach, with its blanket Government support, has worked well in terms of new business and they have been taking work away from under the noses of contractors who regarded themselves as the best in a particular specialist field.

For the rest, matters have not reached such extremes. To them construction work overseas has not yet reached the same status as construction and most hope that it never will.

As far as the U.K. contractors are concerned, and their presence in the Middle East is an impressive one, the broad level of support they can expect from Government services is usually comparable with those made available by most other countries. However, at the risk of once again incurring the wrath of certain U.A. Government commercial counselling operations in the region, it is only correct to repeat the comments of British contractors in the field who still report very mixed standards of commercial awareness among embassy personnel and who claim that in this respect some of their competitors are better briefed and more usefully assisted in the search for business and in coping with problems that arise once work has been won.

With a local base established the contractor then can the task of winning work again he must be patient, lengthy and frustrating, involve open tendering, short-list of companies themselves being play against each other in the stages, or negotiate contracts or even bids by the client. In the sector, the bargaining can be even more uncertain more dependent on government and contractors can with little or no indication their chances until the details are actually announced, however, are by influence alone and it well for contractors to be realistic completion dates.

Any work won will inevitably be on a fixed basis, a spectre in itself to scare away contractors who have so heavily under such conditions because of rampant inflation their home markets. Cost-plus clauses or cost-plus contracts are rare, although governments are at least prepared to accept quotations for items supplied from abroad.

Fundamental

If there is to be a fundamental change, it will more likely than not principally involve the type of work which becomes available in the next few years. Few of the oil-rich nations have the sort of population which can justify the continual provision and expansion of the fundamental services now being laid down. Once the basic infrastructure is complete, there will have to be an end to the multi-million pound port and harbour complexes, the dry docks, airports, trade centres and motorways—the real need for which have in some cases already been brought into question. Ask any civil engineer involved in such a project and he will say a major attraction of the work is the knowledge that they are of a size and complexity unlikely to be repeated again, certainly in the Middle East.

Bonds

The contractor will also be in a position to provide a wide range of bonds, dealt more fully in other articles, to be demanded as a condition of any business. Performance bonds and, in particular, bid bonds and popular, have to be arranged even if some are never called. Together, they represent further, potentially major obstacle to the contractor's have in some cases been instrumental in keeping their feet firmly on the ground.

Expertise

But whatever the level of expertise of local Government representatives, much of the fundamental advice handed out to prospective contractors will be the same. The first message would invariably seem to be find a local operation with good local knowledge to provide the basis for your business. In some countries this is obligatory, while in the rest it remains just nothing as vital. There are some notable exceptions to this, however, and these are the long-standing connections for example, were decidedly impressed by the new special relationships which have been developed between contractors and local rulers, invariably their largest single client.

Market

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tors earlier this year, and its charges of collusion against them.

Saudi Arabia's outburst expressed a sense of grievance felt by other countries as well. Subsequently, Kuwait—always a demanding client—made public its discontent when Mr. Abdel Rahman al Attiqui, the Finance Minister, said: "When we carry out several projects we find there are only a few contractors who can carry out other projects. Prices go up and we are under the control of a few foreign companies who can carry out the projects." Bahrain has vigorously attacked the role of consultants complaining that their initial estimates always grossly under-estimate final cost and that their way of drawing up tenders make it possible for a contractor to claim more money—not unreasonably, it might seem—when clients issue variation orders.

Rejection

It is ironic that Saudi Arabia, having rejected the Western and Japanese bids for power contracts, should have negotiated contracts with the Asians. That happens to be the method of the U.S. Corps of Engineers who are responsible for about 20 per cent of the construction work in the Kingdom, mainly in the defence field, but it does not believe in national construction industry's gaining "to the point so low that an unsuspecting or unfortunate contractor would suffer financial loss." Ac-Money. Nevertheless, it is customary to make adjustments in the course of implementation, its stated view is that terms they impose on the implementation of most projects.

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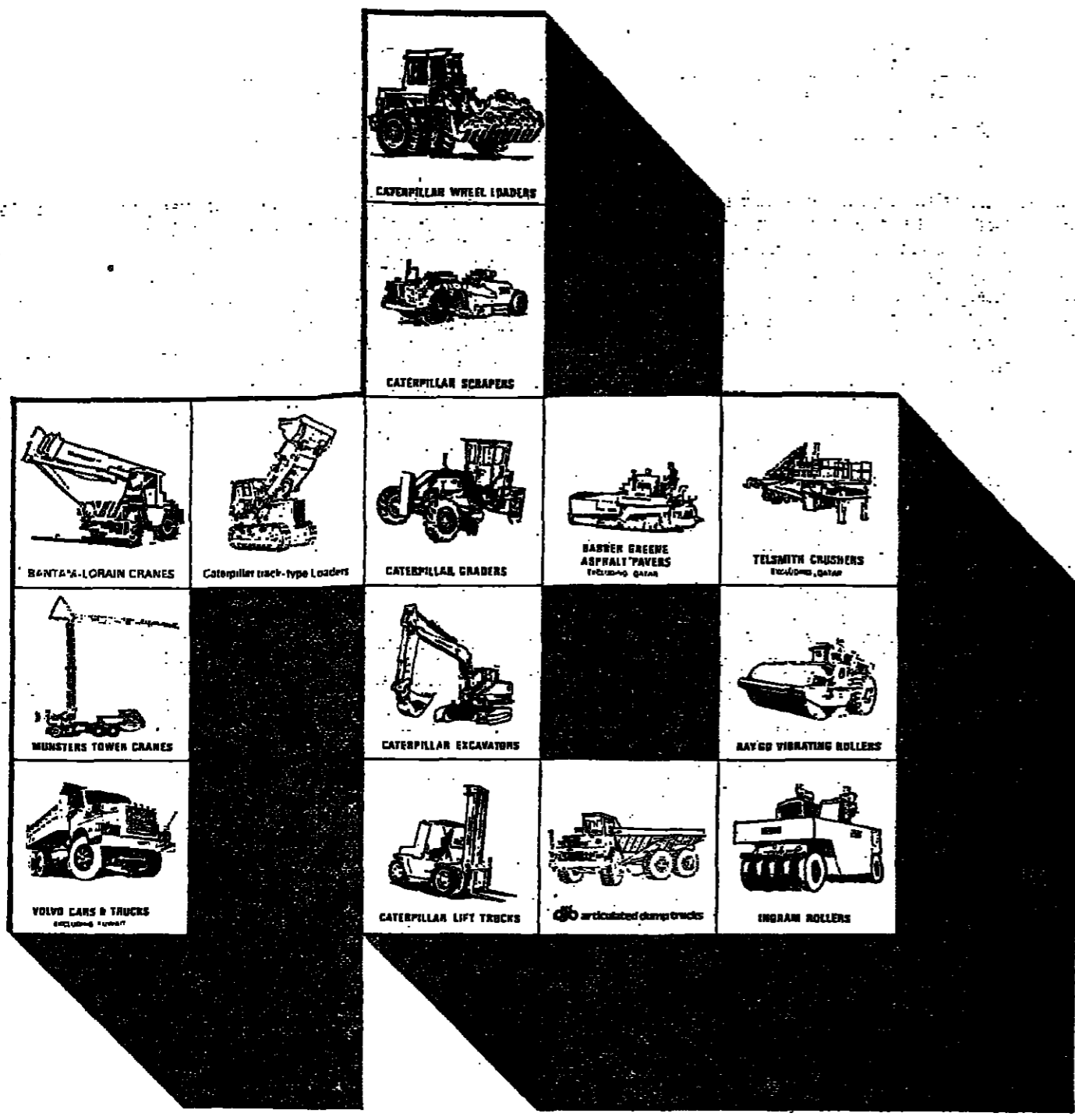
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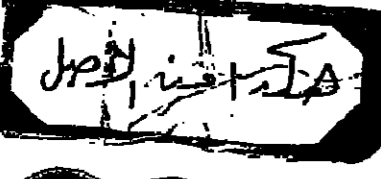
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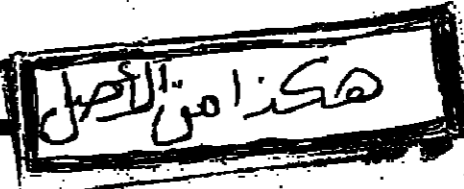
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Traditions

In a rapidly growing market like the Middle East some traditions are being elbowed aside. Japanese companies are making inroads into the West Germans' predominance in the harbour construction field. South Koreans have had dramatic success in winning contracts in a region where they were previously unrepresented. Leading West German and Italian contractors are still heavily involved in Libya, which their West European and U.S. counterparts have tended to regard with a wary caution. Yugoslavian concerns as well as indigenous Middle East operators are taking an increasing share of the market.

There is no recent league table available of the countries winning construction contracts in the Middle East, but the indications are that in terms of the world-wide predominance of the U.S. in construction work the Middle East is no exception. Though there may be fewer small U.S. construction companies at work in the region than those of other countries, a number of U.S. concerns have won some very large or "jumbo" contracts, such as that being undertaken by Fluor, among groups who fear a worsening of America's already serious trade deficit as a result.

particular construction fields—Dutch companies, for example, are as prominent as ever in dredging and land reclamation. Secondly, some which have a deep historical involvement in certain Middle East States have capitalised on their connections there—the British in the United Arab Emirates and the Americans in Saudi Arabia. Thirdly, the more complex job is, especially anything involving process plant or heavy electrical equipment, the more likely it is to be handled by a highly industrialised country, although to an extent this is an assumption now being challenged in the wake of Saudi Arabia's rejection earlier of this year of "inflated bids" by Western companies.

U.S. companies are among them able to offer a full range of contracting skills, from consulting and design to engineering and construction. There is also heavy concentration on complex process plant, such as the oil refinery at Jubail in Saudi Arabia where Texaco and Socal have recently won a contract which could be worth \$400m. Such contracts provide much related work for U.S. suppliers, but the strong position of the U.S. in the Middle East—especially in Saudi Arabia, Iran, the UAE and Kuwait—could be threatened by two recent pieces of legislation.

President Carter signed a revised law on June 22 aimed at limiting American companies' compliance with the Arab boycott of Israel. Two days before, the most recent conference of regional commissioners of the Arab Boycott of Israel Office warned that American companies violating its rules under the "pretext" of complying with domestic laws would be barred from member States of the Arab League countries and denied access to their raw materials.

The new legislation is designed to prevent U.S. companies from refusing to do business with Israel either as a condition of winning contracts in the Arab world or on the basis of what they felt to be prudent; boycotting other U.S. concerns in an effort to obtain Arab business; providing information to an Arab country about another company's relations with Israel; and providing negative certificates of origin. The legislation has aroused great concern among those companies doing business with Arab States and among groups who fear a worsening of America's already serious trade deficit as a result.

even if they concede that amendments to the Export Administration Act finally adopted will make it "possible" to do business with the Arab world.

Much will depend on the administrative regulations drawn up. However, the law does allow subsidiaries of U.S. companies operating in the Arab world to conform to local laws barring imports from companies on the boycott list, under certain conditions. In practice, it is feared by American businessmen that the legislation will affect smaller companies more than large ones, and in particular will discourage new entrants to the market altogether.

Apart from the effect of the anti-boycott legislation on U.S. suppliers, construction companies are also concerned about a second new law, the 1976 Tax Reform Act which reduces the tax concessions for expatriate Americans. Companies operating in Saudi Arabia already report having lost staff because financial considerations no longer compensate for the harsh living conditions. Amendment to the legislation is being discussed but may not come into effect before next year.

Services

Despite these problems the position of U.S. contractors in the Middle East should remain relatively strong because of the sophisticated services they can provide, but they find it harder to obtain the bank guarantees needed for performance bonds than do construction companies from other countries. U.K. concerns have also, of course, been inhibited by these requirements.

U.K. contractors are carrying out many large contracts in the region—although virtually no "jumbo" contracts—and are continuing to enhance their reputation for a high standard of all round work. Yet there are several countries such as Libya and Kuwait where their representation is non-existent (despite the ubiquity there and elsewhere of British consultants).

Among the factors blamed for

these are the relatively narrow asset bases of many British construction companies that have not expanded in line with rising prices, a higher rate of domestic inflation than that faced by foreign competitors, a traditional reluctance or inability (with some notable exceptions) to form consortia with other companies to handle big projects, and, above all, the continuing problems of obtaining financial support for performance bonds, which can be called in at a moment's notice without explanation.

The Export Credit Guarantee Department provides support for loans by indemnifying the company's bank or surety company, but no standard for counter-indemnity has been agreed by the banks and ECGD. No organisation in the U.K. will carry the responsibilities of the main contractor, although there have been efforts to involve the National Enterprise Board.

Efforts to reach some arrangement under which greater financial support can be given to British construction companies are continuing, since it is recognised that this is a crucial element enabling a company to bid for a contract.

In West Germany construction companies benefit from the close relationship between banking and large-scale industry, the two being connected by overlapping ownership. Very prominent in Middle East construction is Philip Holzmann, which is heading a consortium to enlarge the Saudi port of Dammam, and Hochtief, a member of the consortium building a new industrial port at Jubail. Apart from Libya, West Germany also figures in Iraq, where Thyssen is responsible for a petrochemical complex in a joint venture with the U.S. company Lummus.

At a conference organised earlier this year by the Middle East Economic Digest Mr. Dajani, of the Saudi Research and Development Corporation, held up the West German construction companies as an

example of success resulting from good discipline and organisation. "It is a tradition among the Germans to be very disciplined, with the result that they have been successful—but not in the very large projects, only in the medium-sized ones in the remote areas where they have brought their own discipline and applied it to a particular project," he said. He contrasted the West German performance with that of U.S. companies which he said had the completely integrated systems needed to manage "mammoth" projects—such as the \$3bn. Jeddah airport being handled by Bechtel.

While the interlocking ownership of banks and industry assists West German contractors, their French and Italian counterparts benefit from the fact that many of the banks in both their countries are State-owned, while in Italy some of the construction companies themselves are branches of publicly-owned concerns. Up to 40 per cent of French overseas construction work is in North Africa where language and long-standing relationships assist the French presence. France also has a rapidly developing presence in Iraq where it has recently won several contracts, including contracts for Creusot-Lair to build a steelworks and a sponge iron plant at Khor al Zubair near Basra.

The Dutch are inevitably prominent in the dredging and reclamation sector, which has been providing a spate of multi-million-dollar contracts as the region sees the laying down of a string of harbours, and while the landscape in low-lying areas like Abu Dhabi is changed. An example is the Stevin Group which has won some of the biggest contracts on behalf of the Netherlands. It has civil engineering, pipeline, housing and road building activities as well as dredging operations. Stevin is now one of the largest international contracting companies—not the least because of its Middle East business.

In a consortium with Bos

Stevin is working on the Jubail harbour project, where it is bringing high quality rock to the site in barges from its own quarry at Ras al Khaimah in the UAE. The quarry is also servicing the consortium's work at Dammam. The group has work at Umm al Qawain, Sharjah and Ajman in the Emirates.

Besides Western European contractors both Greece and Yugoslavia have a growing presence in the Middle East. Greek contractors are particularly prominent in road building, with Edox-Eter, among others, working in Saudi Arabia. In Yugoslavia the biggest name is Energoprojekt, one of the world's largest construction companies. It has completed projects in such Middle Eastern countries as Syria, Kuwait, Libya and Sudan.

Support

Yugoslavian concerns have several major contracts under way in Libya (where East European contractors are also represented). One recently won a contract for bridge building in Sudan while another, Union Engineering, is building an air force base in Kuwait.

Government backing and easy access to finance play a crucial part in enabling Japan to move into the Middle East construction market on a large scale. In a joint venture Japanese companies are doing the bulk of the construction of the new airport at Abu Dhabi, while in the engineering field Mitsubishi is building a power station and a urea plant. Japanese concerns hope to win more contracts in this country because of credits which total \$2bn.

But though the Japanese penetration of the Middle East has been impressive since the oil price boom it is probably more than matched by the dramatic performance in the last three years of South Korean companies. Last year South Korean companies won \$2.4bn. Works of India, Saudi Arabia's action could weaken the grip in 12 months, triple the total that the highly industrialised value of work ordered in the countries have upon the high past three years. The bulk of the contracts are in Saudi Arabia. At the end of March

this year there were 34,250 South Korean workers in the Middle East and South Korea hopes to be able to balance its books on Middle East trade this year.

Among the reasons for the success of the South Korean companies is their tendency to bid 20 to 30 per cent lower than others for a contract; the industriousness of their workers and the fact that the labour force, though imported, keeps itself to itself and causes few social strains in the country in which it is operating. It is not always clear whether South Korea's contracting companies operate profitably at the prices charged, and much is owed to the South Korean Government's financial support and determination to win foreign exchange for its own sake. But the South Koreans have won a well justified reputation for the discipline, not to say regimentation of their workers.

At the Middle East Economic Digest conference Mr. Dajani said that Jubail, where Hyundai is masterminding the port construction contract, "is nothing more than a military barracks. We have seen that the most efficient, disciplined people have been the most successful people in Saudi Arabia," he concluded.

South Korea recently achieved something of a breakthrough when Hyundai won a \$147m. contract for the electrification of the Asir region in Saudi Arabia. This takes South Korean operators into the capital-intensive high technology work which has previously been the preserve of Western industrial countries. The particular contract was one of several for which the Saudi Arabian Government rejected British and Japanese bids as being too high.

Electrification contracts were awarded in similar circumstances to the Pakistan Power Company and the Bharat Company for Electrical Works of India. Saudi Arabia's action could weaken the grip in 12 months, triple the total that the highly industrialised value of work ordered in the countries have upon the high past three years. The bulk of the contracts are in Saudi Arabia. At the end of March

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MIDDLE EAST CONSTRUCTION IV

Clients impose harsh contract terms

INTERNATIONAL companies may find they have little choice but to turn to the Middle East in search of business because it is the region of the world promising more sustained growth than any other. Yet precisely for that reason it is a buyer's market in which the clients have continued to dictate terms of a kind immeasurably increasing the hazards of undertaking projects.

As much as ever it is a situation where the employer has all the rights and the foreign contractor all the obligations. Despite some improvements, terms generally are as harsh as ever—probably more so as competition has intensified. As a framework the conditions of contract of the Fédération Internationale des Ingénieurs-Consultants (FIDIC) are in widespread use, but are almost invariably altered to suit the interests and convenience of the Middle East client.

Even if some countries have in certain respects shown themselves more accommodating the general adherence to fixed-price contracts, the bonds demanded and the reluctance to allow for neutral arbitration of disputes, constitute a major headache. They are as inhibiting as ever, especially when added to the other problems posed by a harsh environment, labour shortages, transport congestion, local scarcity of materials and equipments, bureaucratic inefficiency and payment delays.

Big guarantees from banks of 1 to 2 per cent of prospective contract value are designed to discourage unsuitable contestants, provide good faith, and ensure that the winner does not withdraw after an award is made. Acknowledged by most contractors to be justified, they are the least of the problems in this area.

The performance guarantees (customary for 5 to 10 per cent of contract value) continues to be a very real source of anxiety. Again, the principle behind it is reasonable enough—to bind the contractor to fulfil his contractual commitments. In this respect it is no different from the surety bond. In the Middle East, however, it is not qualified by any wording protecting the contractor who does what he has undertaken to do. According to some observers, the raison d'être of the classic performance or surety bond "is completely over-riden by the payable on demand bank guarantee such as is required especially in the Middle East," in the words of Mr. Robin Newmark, of Willis Faber and Dumas, the London insurance brokers, in a key-note address at a seminar on the problems of turn-key projects in Stockholm a year ago organised by the International Bar Association.

Advance

Moreover, the need to cover the advance payments—which is interest-free made by governments to assist the contractor in mobilisation—anything from 5 to 30 per cent of the project value—increases the liability still further. At the same seminar in Stockholm Mr. Newmark suggested that the need to supply this bond for the full amount of the contract over its total duration "arguably amounts to taking away with your left hand what you have just given with your right."

The total amount of guarantee covering performance and advance payments can amount to anything up to 40 per cent of a contract's value. In addition, a retention money guarantee is also often demanded as an assurance of the quality or a portion of the project for a period of years until long after completion—up to 10 in Kuwait, which has been unique in making a contractor responsible for the consultant's work as well as his own. Bonds amount to what Mr. James A. Nelson, a vice-president of the Bank of America, described as an "open cheque."

Speaking in London earlier this summer at a conference organised by the Middle East Economic Digest, Mr. Nelson said: "The probability of an arbitrary or capricious call on these guarantees in a country like Saudi Arabia is very slight. It is very unlikely due to the nature of the Saudis and their sense of a fairness." Over the past few years it is believed that less than half a dozen guarantees have been called in Saudi Arabia—none of them major or leading to the losses of banks involved. They would have accounted for a very small proportion of bond liabilities, of which the total outstanding is now reckoned to be \$7.5bn. In this context it should also be pointed out that the \$25bn, or so contracts being administered by the U.S. corps of Engineers do not exclusively require "on-demand" guarantees as they will accept traditional surety bonds.

Last year Saudi Arabia reduced its performance guarantee requirements for performance bonds from 10 to 5 per cent, and from bid guarantee from 2 to 1 per cent in recognition of the difficulties facing contractors.

Saudi Arabia also amended its tender laws to allow insurance companies to guarantee contractors but the former have looked askance at such "on-demand" instruments. Of more meaningful help was the decision to allow 45 approved international banks to put up guarantees directly, merely paying a fee to a local one as an intermediary at a reduced rate—which has had the effect of lowering charges if nothing else.

As far as guarantees are concerned, attention has focused mainly upon Saudi Arabia because of the enormity of its development programme and contracts awarded there. But harsh unconditional requirements are the rule elsewhere too—with only very few exceptions granted.

In Iran, they do not apply to some defence projects such as the Isfahan ordnance factory and the drydock at Bandar Abbas, or others done for private sector clients. But generally Iran insists on them and should probably be regarded as a bigger risk than Saudi Arabia.

Guarantee

Concern about unconditional guarantee stems very directly from the Libyan revolution of 1969 when Col. Khedafi's regime arbitrarily called in guarantees given on behalf of Italian companies. Earlier this year the dangers were highlighted when a Libyan importer exercised its option on an unconditional guarantee for over £50,000 to which Edward Owen Engineering was liable under the terms of a contract to supply greenhouses. In July the Court of Appeal in London dismissed an injunction sought by the company to restrain Barclays Bank International from paying out the money which it had guaranteed. The fact that the Libyan buyer had not fulfilled his contract requirement for a confirmed letter of credit made no difference. The judgment was that the only in exceptional circumstances such as a fraud known to the guarantor would the courts interfere.

Middle East States are sticking to fixed price, lump-sum contracts almost as rigidly as before despite the advantages for quick implementation from proceeding on a "design-and-build" basis which necessarily means a cost-plus fee. With resentment over "inflated bids" having surfaced they are psychologically less inclined to contemplate escalation clauses even if some—faced with the realities of the situation are proving to be more accommodating.

Yet the difficulties facing the contractor for projects, especially complex turn-key ones, which may take three or four years to implement, are clearly immense and hardy need spelling out. As Herr-Hermann Becker, director of Philipp Holzmann for overseas projects put it at last year's Financial Times Conference: "It is the classic problem of the contractor that he sets his product before he makes it and not afterwards and he is therefore unable to adjust his sales price if his basic costs are different from those prevailing when his tender was prepared. Moreover, it is a symptomatic feature of our business that a large part of construction projects—regardless of whether stone, concrete, earth-fill or asphalt is involved—has to be carried out on the site itself and cannot be supplied from a factory or a workshop in the contractor's own country."

Phillip Holzmann is one of the contractors most heavily involved in the Middle East and apparently very successful there. Herr Becker nevertheless referred to the impossibility of taking account of an inflation rate of more than 25 per cent annually in a "tender price which is supposed to appear reasonable, especially in the case of long-term contracts." He suggested that the only fair solution would be the inclusion and revision clauses which would share the risk between the contractor and his employer. A formula for adjustment should take into account the cost of wages and salaries, cement, concrete aggregates, reinforcement, timber and inland transportation. However, few, if any, of the States of the region have any reliable indices; not the least Saudi Arabia.

Even so, in this area there has been some positive movement. Earlier this year the senior partner of the ubiquitous Sir William Halcrow, the U.K. consultants, felt able to say that

his firm was involved in no fixed-price contracts but only ones based upon bills of quantity at unit rates. It is known, for instance, that cost escalation has been allowed for the Dubai dry dock being constructed by the Costain-Taylor Woodrow consortium. The same is true of the Arabian Ship Repair Yard in Bahrain, a pan-Arab project being pursued for political as much as economic reasons.

In Dubai there has probably been more flexibility than anywhere because of the Ruler's close relationship with both consultants and contractors. By contrast, neighbouring Abu Dhabi and the Federal Government of the United Arab Emirates remain firmly attached to fixed prices. However, the Saudi Government has recently granted inflation clauses making some allowance for labour and materials for such port contracts as the \$944m industrial port of Jubail, another project supervised by Sir William Halcrow. More surprisingly, Iraq is prepared to contemplate escalation clauses for both imported and locally procured goods and services.

At a conference organised by the Financial Times last October, Mr. Majid al Jishi, Bahrain's Minister of Works, complained that initial estimations prepared by consulting engineers always grossly underestimated the final cost. He also said that the way in which tenders were drawn up made it possible for the contractor to claim more money when the client issued variation orders. Changes of specification are one of the hazards besetting contractors in the region and harsh interpretations often make it impossible for them to obtain any recompense for the extra expense involved. At the same time such variation orders are recognised as being one of the few escape clauses—the classic "let out"—from the strait-jacket of fixed prices.

Consultants have been increasingly blamed by client governments for the high price of tenders. They have been criticised for the differences between their original estimates and the level of bids made by Western contractors—a reflection perhaps of the sometimes long time-lags involved and the inaccuracy of calculations. The confusion is such as to suggest that the best solution for everyone might be a system of cost-plus. As it is, the preference for contracts of the fixed-price lump-sum variety has only made more vital a less severe attitude to such questions as force majeure, changes in specification, security of payment, and exchange rate fluctuations.

In the region the need to make provision for arbitration and even conciliation is now well accepted—but almost invariably there is an insistence on the part of the client that the process should take place

in his own country's institutions and according to its laws. Under such arrangements the contractor can reasonably assume that the dice will be loaded against him. In Saudi Arabia the chosen forum is the Grievances Council whose deliberations are based upon the Moslem Shariah law. Some Westerners maintain that its concepts of equity and justice give an outsider as fair a hearing as any. Others view it with trepidation.

All however, would prefer settlement according to the arbitration clause of the International Chamber of Commerce (ICC). In practice, a contractor's ability to obtain provisions for a neutral arbiter have depended largely upon the client's need for his services. Iran is reported to be more amenable now to the idea of international arbitration. Countries like Algeria which need suppliers' credits and long-term financing cannot be too adamant in dictating the use of their own procedures.

Arbitrators

Under the ICC system each side chooses one of the arbitrators while the third, whose view is normally crucial, is chosen by the Chamber itself. ICC rules also provide for conciliation through an intermediary which attempts to find a solution through compromise or concession. Middle East States, however, are not alone in regarding the ICC as a creature of the industrialised countries. Even more unsatisfactory to them is the wording in the conditions in the FIDIC form of contract which are based upon the ICC formula but give pronounced weight to the consultant's decision.

Draft revisions to the FIDIC "red book" which dates from 1967 in its existing form, are under consideration and awaiting approval by affiliated organisations—notably the Fédération Internationale Européenne de la Construction, the International Federation of Asian and Western Pacific Contractors Associations, the Federación Interamericana de la Industria de la Construcción and the Associated General Contractors of America. Several of those revisions are designed to give greater protection to the contractor.

Nevertheless, although FIDIC may provide the best available formula no one can pretend that it is an ideal one—not least because of the reservations and suspicions of the client States of the Middle East. The need for dialogue by both parties and agreement on terms is obvious. It also seems desirable that the leading exporters of contracting services—Western and Asian—should achieve some sort of common stance on the matter.

One body that has been looking into the whole issue is the

International Bar Association committee on contracts which is building up a core of information and also trying to win support from national legal bodies in the developing countries. It appoints their objections to the FIDIC-approved ICC for Moslem Shariah law. Some and has been seeking to identify possible alternatives very concerned about the bias against foreign contractors in the Middle East in the formulation of contract terms subject is also by a sub-committee on general contract the Euro-Arab dialogue. For part, the European Development Fund is attempting to formulate a united approach the Nine towards the question—although as a provider of it can hardly expect to enforce the oil rich.

In the meantime a vital and forthright exchange of views between U.S., European Japanese contractors and clients took place last month a closed meeting sponsored by the Associated General Contractors of America, the national contractors' section of the International European Federation of Construction Overseas Construction Association of Japan.

By nature and tradition Arab and Iranians are used to bargaining as anyone. As a result the oil producers have been dictating tough, harsh and intimidating conditions on international contracting in circumstances created by sudden prosperity. They entitled to value for money they may sooner or later ponder whether their approach to contractual relationships is the desired result or is a defeat. With competition fierce, the clients of the region, especially the more credit-worthy, are hardly likely to be abused—even if they were occasionally in the less affluent days by some of the more dubious Levantine concerns.

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contractors, large opportunities in the have provided a ease from the defect of world recession and the size, eration and the ch they have been he totality of these constitute a head- ernational propo- rly for companies big prizes but also ing system, the in- ness and govern- construction busi- Middle East has ex- treme to enormous abilities.

ar ago a stockbro- kers' region observed: ty, euphoria about the orders being the Middle East to vctors, where indi- cators potentially ex- turnover. Is now ced by competition can be most cynical ct cancellations, de- vts and all the in- mercial problems."

And—again like peers—they do not se intimate relation- ge banks or belong, the calling of bonds. a has been focussed guarantees demanded

by clients, requirements for un- conditional bank guarantees which can be called without any recourse to arbitration or pre- viously agreed procedures to judge the contractor's perfor- mance are not new to the region although they have become al- most the norm there with the great financial muscle of the res- ort responsibility and risk rested upon contractors and bankers, he said. He was speak- ing on behalf of many British businessmen who called for a "more radical and imagin- ative approach" by the U.K. Government whereby it might give backing of last resort to such guarantees beyond the ECGD's present cover against the high rates of inflation of the past few years.

Difficulties

The system poses particular difficulties for U.K. companies because the guarantees issued by the banks on behalf of customers constitute, in effect, loans. As such they are only drawn upon if the client calls about the enormous involved is no way the U.K. The larger ctors are not only heavily engaged in East and seeing an proportion of their work by work like their British suffer from hav- a capital base. More- t are in private And—again like peers—they do not se intimate relation- ge banks or belong, the calling of bonds. a has been focussed guarantees demanded

Insurance companies can also issue guarantees—though they do not have the same degree acceptance in the Middle East as those given by banks. Problems of financing and insurance were highlighted earlier this year when the Weir Group publicly threatened that it might have to conduct its export manufacture abroad because of the difficulties experienced in securing financial guarantees when tendering for

overseas contracts. Lord Weir, Chairman of the group, explained that with the rapidly escalating value of contracts British banks were becoming increasingly reluctant to support bonds on their own. Cover provided by the ECGD was of little help because in the last resort responsibility and risk rested upon contractors and bankers, he said. He was speak- ing on behalf of many British businessmen who called for a "more radical and imagin- ative approach" by the U.K. Government whereby it might give backing of last resort to such guarantees beyond the ECGD's present cover against the high rates of inflation of the past few years.

Clearing banks, the ECGD and Lloyd's are currently discussing whether the insurance market cannot shoulder a greater part of the burden. U.K. banks are certainly worried about the growth of their liabilities on this score, a proportion of which may be un- secured. Frustrated contractors, anxious for more business in the region question whether they are not too cautious. It is suggested that the U.K. clearing banks do not have the necessary expertise to evaluate the risks.

U.S. contractors have also had their own peculiar difficulties. Federal banking laws lay fairly tight restrictions on the issue of guarantees by banks and limits on lending to a single customer. So, instead, they have used standby letters of credit (which technically are little different from guaran- tees). Until recently the monetary authorities ruled that these should all be regarded as loans and set against credit lines, although there has since been an important qualification.

With confidence deriving from price stability at home and their organisational efficiency, West German companies have evidently found guarantee re- quirements much less daunting although Hermes, the quasi- state underwriting organisation does not provide coverage against unconditional calling of bonds. One reason, no doubt, is the fact that they have close and the political context in connection with the banking which it was being fulfilled.

system. That, too, is true of Italy, France and Japan whose contractors appear also to have received exhortation and re- assurance from their respective government of a kind that has made formal underwriting of bonds unnecessary.

The state-owned Korea Exchange Bank has acted as guarantor for the South Korean companies which have been so successful in the region. Yet both this and the Central Bank in Seoul, of which it is an affiliate, have had to raise money on the international market to back guarantees. To finance performance and advance payment guarantees for the construction of the Ras al Ghair port facility, Hyundai Construction Company and the Korea Exchange Bank, as co- obligors, signed a syndicated guarantee facility worth \$66m. with a group of 11 banks led by Citicorp International, the National Commercial Bank (of Saudi Arabia), and West- deutsche Landesbank Girozentrale. The enormity of the obligations have begun to make it impossible for any one bank to issue a guarantee by itself.

Bank of America and National Commercial had previously pioneered a precedent in raising the equivalent of \$214m. for the Jubail industrial port contract also won by Hyundai. There have been others. In future there will be a continuing need to spread the load.

Scrutinise

Given the risks, banks have to scrutinise very carefully both contracts and contractors. At a conference organised by the Middle East Economic Digest earlier this summer Mr. James A. Nelson, a vice-president of the Bank of America, outlined the risks that a bank would have to take into account as the competence of the contrac- tor, his capability to stay solvent during the life of a con- tract, ability to manage the logistical problems involved. The Lloyd's system rests upon arbitration in London—some- thing that few Middle East buyers are prepared to envis- age. In practice, the maximum loss that it will contemplate is about \$10m. Compared with bank charges the policies are

Speaking with special reference to Saudi Arabia—though the risks would apply generally—he referred to the need to know whether a contractor was over-extended, his safeguards against various inflationary factors, his knowledge of the various foreign exchange risks, and his ability to work in an environment "where the cash flow for the project is subject to a number of factors such as religious holidays, bureaucratic bottlenecks or other things which may lead to delays in payments on a day-to-day basis."

Decision

For U.S. companies the position has been eased by the decision last autumn by the Comptroller of Currency that standby letters of credit be classified as contingent liabilities rather than loans, provided that cover for political risk is provided by the Overseas Private Invest- ment Corporation, the nearest American equivalent to the ECGD.

The insurance market has been able to take care of normal risks of loss or damage and give the cover required for bank guarantees as well as making some provision for non-payment, confiscation and currency fluctuations. A certain number of specialist firms have been prepared to issue guarantees to client governments of their state agencies at a cost of 1-3 per cent per annum as long as certain provisos are met. Yet there are understandable inhibi- tions where there are no exclu- sion clauses against unfair calling or conditions requiring the buyer to establish failure on the part of the contractor.

In such circumstances interest rates are very much higher. As underwriters, Lloyd's has reinforced some of the support given by the ECGD. The Lloyd's system rests upon arbitration in London—some- thing that few Middle East buyers are prepared to envis- age. In practice, the maximum loss that it will contemplate is about \$10m. Compared with bank charges the policies are

expensive—a flat premium rate of 5 per cent for the full dura- tion except for Libya where it is 10 per cent.

The client governments much prefer the simpler guarantee requirements from 10 insurance companies in which they do not put the same trust. Last year's Saudi regulation which reduced performance guarantee require- ments from 10 to 5 per cent also permitted certificates issued by "a specialised and accredited insurance company," but more or less ruled out the use of such an instrument by saying that it would have to cover at least 25 per cent of the contract's value. If insurance companies were prepared to pay on-demand bonds there might seem to be an advantage for the contractor from the relief afforded to his contract facility. However, any contractor that could meet the rigorous requirements of an insurance company could probably obtain the extra credit from his bank, anyway.

The ECGD has been in the forefront in the evolution of schemes as might be expected for a country where no less than 35 per cent of exports receive state backing. Support for the issue of bonds began in 1975 and so far has been given for £153.7m. worth of them (relat- ing to a contract value of £844m.) of which £112.5m, or 73 per cent, was for projects in the Middle East. A high pro- portion—£52.27m. in bond coverage or 34 per cent of the total—has been for contracts in Iran. Under active considera- tion for the region at present is another £723.82m. in respect of bids or actual contracts amount- ing to £2.75bn. Backing is given through an indemnity to a bank or surety company issuing a bond. The cost is 1 1/2 per cent of the bond value per annum to the exporter who has also to insure the guarantee pro- vided by the bank or surety company. The minimum con- tract value to qualify has been reduced from £2m. to £1m. and ECGD is now prepared to commit itself to giving cover regardless of whether a bank or surety company has previ-

ously expressed its willingness to do so. The facility is designed primarily for government proj- ects but the ECGD is prepared to consider private projects as long as the bonds are condi- tional.

Domestic inflation cost escala- tion is the second biggest pro- portion of U.K. exporters. The ECGD has a scheme to cover it but contractors regard it as inadequate. It has only been used half a dozen times, notably by Davey Power Gas for East European contracts. The ECGD also has a facility aimed at insuring a main contractor or partner against 80 per cent of losses (incurred as a result of the insolvency of a sub-con- tractor or fellow joint venturer. Apart from being expensive it is considered as totally im- practicable and the general feeling is that better protection can be obtained from the Indus- tries Act.

Like the ECGD, France covers against the unfair cal- ling of bonds for clear political reasons through the Compagnie Française d'Assurance pour le Commerce Extérieur, the state- owned agency which is profit- making in intent and practice. For anything else COFACE re- quires a ruling in a court of law before paying out. It has pro- vided the most generous coverage against domestic escalation of costs but this year modified the system in line with the European Commission's de- sire to see such schemes phased out. It also guarantees ex- change rates, investments and prospecting besides more con- ventional export credits. As yet it has no bond support scheme.

Sweden offers only guarantees against payment defaults, like those offered everywhere for exports of goods, to contractors undertaking work overseas. The U.S. takes a similar view regarding close links between governments and companies as counter to the free-market pro- cess. OPIC usually assumes political risks. The official Ameri- can view is that the private sector should bear the com- mercial risks of any project and that support schemes of other indus- trialised states have put deal- with Middle East countries in a government - to - government framework. The result has been poorer technology and services at greater cost in the American view. It is certainly possible to argue that Middle East clients are doing them- selves a disservice through their demands for unconditional guarantees.

Support

The Netherlands also has a bond support system, as does Belgium, with the state having counter - guaranteed advance payments since 1975. But the coverage, though fuller than the ECGD's, is more expensive. The Finance Ministry is currently contemplating the introduction of a package deal of mixed credits, which should also assist Dutch companies in winning Middle East orders. Insurance

R.J.

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MIDDLE EAST CONSTRUCTION VI

Joint ventures offer the most scope

THERE CURRENTLY exists a curious state of affairs in which the majority of U.K. civil engineering contractors acknowledge the vital requirements for joint venture work in the Middle East and yet still invariably refuse to have anything to do with it.

Even those who do participate in such deals tend to approach the arrangement as something of a necessary evil rather than one to be positively encouraged and in this respect their attitudes seem to be light years away from some of their toughest competition.

It has to be said at the outset that there are some substantial exceptions to the rule. There are now the classic examples of U.K. co-operation on Jumbo contracts, such as the Taylor Woodrow and Costain link-up in Dubai to extend Port Rashid in a £120m. contract, as well as on the £162m. dry dock complex.

Taylor Woodrow also has a partnership arrangement in Saudi Arabia while Costain, for example, through Costain Blankvoort is working with the Dubai Transport Company (Gulf Cobia) on the massive Jebel Ali industrial city and port complex.

Stevin is as reluctant to impart information and experience to outsiders as the orderly pooling of ideas and resources seems to come more naturally to many foreign contracting companies, whose desire to win business often seems to overcome the more domestic considerations such as inter-company rivalry and pride.

Specific

In Saudi Arabia, Laing and Wimpey have joined forces with a local company and are handling over £40m. worth of business, while Laing has joint venture work in Iran. So local partnerships and joint ventures devised for specific projects are not exactly rare, but the evidence nevertheless suggests that it is the non-U.K. companies who are more readily prepared to entertain the team approach and who, consequently, are winning much of the large work.

In the last few days alone, a £148m. contract for university buildings at Dhahran in the eastern province of Saudi has gone to Consolidated Contracting, a multi-national group, while a Saudi-Cypriot joint venture has won a £41m. housing contract in Jubail. Perhaps the best, and most regularly repeated, example of multi-company

co-operation are the South Koreans, who can and are mobilising large numbers of component organisations to work together on mammoth contracts. Their style is being up and the first berths should be ready by March of next year.

But if U.K. thinking is generally lagging behind in this respect, what are the contractors' major objections to the new trend? Some of their reluctance can simply be put down to innate conservatism in an industry where skills and techniques have been slowly and expensively developed and stamped with a particular company's own brand of philosophy.

There is a reluctance to impart information and experience to outsiders, whereas the orderly pooling of ideas and resources seems to come more naturally to many foreign contracting companies, whose desire to win business often seems to overcome the more domestic considerations such as inter-company rivalry and pride.

Problems do arise, however, as even the most successful joint venture operators will concede. One of the best European examples of a construction group that has grown rapidly in overseas markets, often through the use of joint venture projects, is the Stevin Group of Holland.

A civil engineering and dredging to housing, pipelines and roads group, Stevin was formed only seven years ago with the merger of three Dutch companies and is now the second largest international construction company based in Holland. At the moment, it has all directed towards the job in hand. It may sound a little too much like textbook procedure but it is questionable whether many U.K. contractors would happily contemplate such a totally integrated management system on contracts where several companies can be involved.

Outset

Such is the size of many of the contracts now being let, how much longer they will continue to become available is another matter — that a joint approach is often the only conceivable route to take. Even the largest contractors do not have the resource to tackle jumbo jobs single-handed and few would in any case be prepared to take the risks involved. Risks,

waiting to discharge which could take between 30 and 50 days.

In a recent study, shipping consultant H. P. Drewry estimated that some 1,500 ships totalling 21m. dwt were tied up in congested ports, many of them in the Middle East. But the overall view was that Middle East ports would be congestion-free within the next year or two and that the spectre of congestion would shift to the poorer Third World ports.

Indeed construction of new ports and transformation of ancient ones, built originally for dhows, to enable them to handle today's modern cargo vessels, is an integral part of the Middle East development programme.

Against this background it was inevitable that the accelerating volume of imported materials, plant and machinery would lead to widespread congestion with goods piling up on quays and queues of ships waiting to discharge.

To some extent the congestion favoured shipowners who were often happy to receive demurrage charges for vessels which, because of the downturn in world trade, might otherwise have been laid up. With everyone along the line able to cover themselves by levying congestion charges, the real losers were the Middle East states themselves.

This was soon realised and crash programmes to reduce the congestion were introduced. For the most part they have proved very successful, although in some ports the situation has worsened over the past year. Prime examples of successful attacks on congestion are Jeddah (Saudi Arabia) and Khorrasmshahr (Iran) where average waiting times of 150 and 200 days respectively in March 1978 have been virtually eliminated. The other side of the coin is represented by Dubai and Kuwait both of which have about 90 vessels

ning up to six months late, not because of any problems concerning co-operation but because of early ground difficulties, but the team is catching up and the first berths should be ready by March of next year.

Stevin, as part of the Harbour Consortium, also has work to the south at the West Port development in Dammam and at Al Khobar, as well as work on its own in the United Arab Emirates. Apart from dredging and reclamation work in the Emirates, notably the Umm al Qawain creek development but also in Sharjah and Ajman, Stevin has its own quarry in Ras al Khaimah, with some 40m-50m. tonnes of rock available for use on its contracts throughout the Gulf. Extraction began in April last year and the stone is principally being shipped by barge to the Jubail and West Port harbour projects in loads of up to 18,000 tonnes a time.

Some have said that the decision was just a little too risky and that the gamble was too risky. Marples, however, despite the problems which it has confronted on the contract, are confident of the outcome and actively looking for work to follow on after the road's completion.

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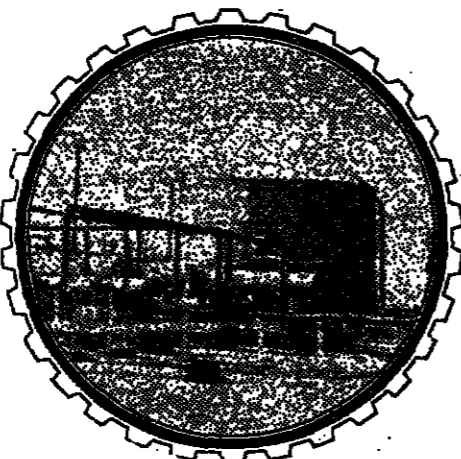
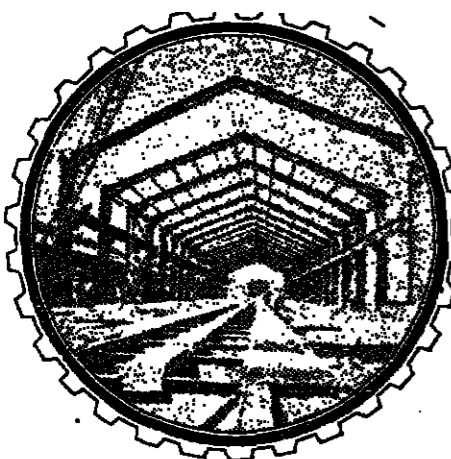
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Port congestion easing off

LARGELY BECAUSE the vast Middle East developments projects were set in train before the area's ports had been modernised, they have suffered considerable delay as a result of port congestion, although this now appears to be being overcome.

Indeed construction of new ports and transformation of ancient ones, built originally for dhows, to enable them to handle today's modern cargo vessels, is an integral part of the Middle East development programme.

Against this background it was inevitable that the accelerating volume of imported materials, plant and machinery would lead to widespread congestion with goods piling up on quays and queues of ships waiting to discharge.

To some extent the congestion favoured shipowners who were often happy to receive demurrage charges for vessels which, because of the downturn in world trade, might otherwise have been laid up. With everyone along the line able to cover themselves by levying congestion charges, the real losers were the Middle East states themselves.

This was soon realised and crash programmes to reduce the congestion were introduced. For the most part they have proved very successful, although in some ports the situation has worsened over the past year. Prime examples of successful attacks on congestion are Jeddah (Saudi Arabia) and Khorrasmshahr (Iran) where average waiting times of 150 and 200 days respectively in March 1978 have been virtually eliminated. The other side of the coin is represented by Dubai and Kuwait both of which have about 90 vessels

waiting to discharge which could take between 30 and 50 days.

In a recent study, shipping consultant H. P. Drewry estimated that some 1,500 ships totalling 21m. dwt were tied up in congested ports, many of them in the Middle East. But the overall view was that Middle East ports would be congestion-free within the next year or two and that the spectre of congestion would shift to the poorer Third World ports.

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removed. Apart from removing the initial congestion, one of the main aims of the Gulf Port Management Services team in Dammam was to train staff to fill the gap that existed between the very senior port management and the foremen or superintendents.

The most significant contribution to defeating congestion has probably come in the form of the mushrooming ro-ro services and the introduction of other specialist techniques designed to bypass the over-worked conventional berths, including the use of helicopters to unload cement from vessels standing off Jeddah.

Where ro-ro berths are available, the swift turnaround times and the avoidance of delay compensates for the fact that the expensive ro-ro vessels have to return from the Middle East empty. Where proper ro-ro facilities are lacking, ingenious new systems have been devised including ro-ro barges pulled by tugs, lighter aboard ship (LASH) vessels and container ships which are able to unload their units by the ship's gear onto pontoons.

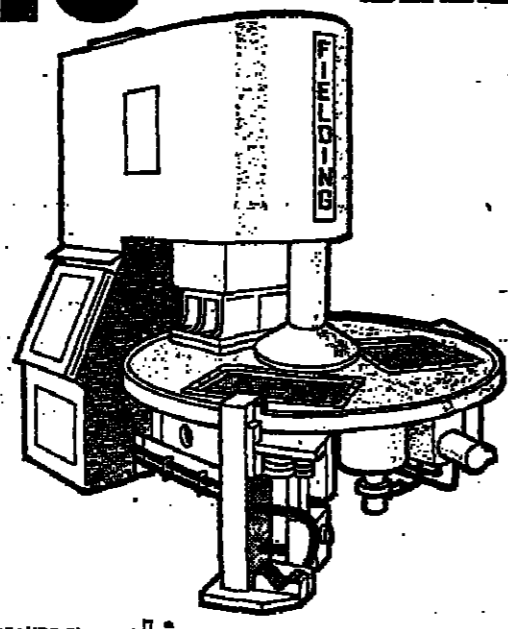
The Red Sea and Gulf ports are fortunate in that the rise and fall of water levels is small, allowing temporary piled jack-up piers to be used. These have already proved their worth in Mina Sulman, Dammam and Aqaba. Another innovative system is employed by the Japanese NYK Line which continues to operate conventional ships to the Gulf where they are serviced by a 3,203 dwt open hatch tween decker fitted with twin batches, deck cranes, fork lift trucks and two ramps.

This vessel, the Hokuto Maru, is moored alongside conventional vessels on their arrival

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Range of problems posed by labour

SHORTAGES of labour are a major constraint throughout the Middle East, particularly in the rich in capital population. Quality, semi-skilled workers are all part of the expansion and, as a result, migration from outside and in the region has been wing trend.

Contractors require good management, though not always from their home team of crafters and clerical staff from wherever labour is available at reasonable prices in the Middle East. The situation is not always that black, and indeed most respectable contractors understand that it is in their best interests to maintain a reasonably happy and stable force of immigrant labour. It is certainly true to suggest, however, that the bigger the mix of nationalities on any one job, the more problems the employer can expect to face.

His considerations have to extend to take account of such differences as language, religion, working habits and diet and his skill at accommodating the diverse needs and peculiarities of his workforce will play a major part in his overall success. To-day, most contractors employ reputable agents in locations where labour is readily available, such as India and Pakistan. The men are selected and flown out on one-or-two-year contracts, although it is not until they arrive that the full extent—or lack—of their skills becomes determinable. Many are found not to possess the training claimed, but contractors will more often than not downgrade them and keep them employed.

The trend is to establish labour camps close to the construction site and to provide workers with all the necessary basic amenities. Indeed, it is a condition of most contracts in the Middle East that the workforce is recruited outside the country in question and that the contractor takes full responsibility for their welfare while they remain.

This usually extends to the provision of quarters, invariably an air conditioned unit shared by several others, canteen facilities—invariably a case of curry for breakfast, lunch and tea—and medical services. Contractors have begun to experience difficulties in keeping some of the labour recruited in this way.

Aware that, having acquired some training and experience, their value may have risen significantly, some workers have attempted to get home so that they can obtain fresh employment for themselves in the Middle East at better rates. The favourite trick, according to some contractors, has been the telegram from home outlining the details of some domestic tragedy and calling for the man's immediate repatriation. The discovery that most of these exercises were pre-arranged has made contractors a great deal more wary and more often than not incidents of this type are now checked out before any employee is released.

A contractor's manpower problems are by no means confined, however, to his labourers. The recruitment and maintenance of a top class management team can prove equally difficult and while at least the organisation of block work permits and charter flights from Karachi may not be necessary, there remain equally time-consuming and tricky problems to surmount.

For the expatriate team, there may not be the problems of religion or diet, but their organisation and settlement can represent a major challenge to a company which, on its home ground, has rarely had to consider itself responsible for every aspect of the employee's day-to-day life.

One problem in selecting managers is to weigh age and experience against youth and enthusiasm. Clients in the Middle East usually respect age, but the older man may find it much harder to adapt to the new conditions he must expect to confront. Many contractors have settled for a blend of both.

On a wider issue, the general flow of labour throughout the Middle East, wherever it originates, is significant to the region's economic growth and change but it has not to date been evaluated in detail. Now, however, the International Labour Office has commissioned the International Migration Project which will assess patterns of labour migration in the Middle East and project them to 1990.

The project will examine demand and supply of labour, country by country and on varying educational levels. Predictions about the balance of labour supply and demand will then be made and developers will hopefully be able to allow for constraints imposed by a lack of skilled or unskilled workers. At the same time, the labour flow into and out of each country will be predicted and sources of necessary labour within the region will be easily identified.

A preliminary assessment has already shown that limited supplies of unskilled labour, apart from the better known shortages of skilled manpower, began to inhibit development as long ago as 1963. Already many of the shortcomings and limited numbers of local labour have, as previously mentioned, been partially overcome by the immigration of Asians.

Patterns of movement within the Middle East are evolving. Turks have begun migrating to Libya while there are plans to help Moroccans to move to Saudi Arabia. There are also signs that all levels of Egyptian and Sudanese workers are migrating, giving rise to official concern in these countries.

Apart from the dangers of a drain in indigenous manpower resources, the question of political risks involved in drafting in large numbers of immigrants, often underprivileged, workers is now being considered. Social inequalities can be a breeding ground for discontent and the ability and desire of the host nations to assimilate foreigners could play an important part in determining whether the large-scale influx of outsiders, necessary if the Middle East boom is to continue, will prove a manageable or an intractable problem.

and to remain sensitive to local cultures and customs.

Several medium to small sized contracting operations in the U.K. have reported difficulties in this respect and have invariably reverted to relying on their own, relatively inexperienced, people, rather than trust the fate of their company to outsiders.

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A preliminary assessment has already shown that limited supplies of unskilled labour, apart from the better known shortages of skilled manpower, began to inhibit development as long ago as 1963. Already many of the shortcomings and limited numbers of local labour have, as previously mentioned, been partially overcome by the immigration of Asians.

Patterns of movement within the Middle East are evolving. Turks have begun migrating to Libya while there are plans to help Moroccans to move to Saudi Arabia. There are also signs that all levels of Egyptian and Sudanese workers are migrating, giving rise to official concern in these countries.

Apart from the dangers of a drain in indigenous manpower resources, the question of political risks involved in drafting in large numbers of immigrants, often underprivileged, workers is now being considered. Social inequalities can be a breeding ground for discontent and the ability and desire of the host nations to assimilate foreigners could play an important part in determining whether the large-scale influx of outsiders, necessary if the Middle East boom is to continue, will prove a manageable or an intractable problem.

With few internal resources to call upon, the smaller contractor may find himself hiring a virtually unknown quantity just when he needs to be able to depend on people of the highest ability, personnel able to cope with a new and demanding physical and business environment, to handle jobs larger than his company has been used to

urgently needed cargoes, especially once congestion is eliminated.

All the indications are that the Middle East is steadily moving from a period of insufficient port facilities, and therefore widespread congestion, to one where there may well be too many facilities.

Ambitious plans to provide additional berths are already well advanced and these are certain to eliminate congestion as they come on stream. They include provisions of 27 extra berths at Jeddah, 16 new piers at Dammam (making 37 in all), nine more berths at Yanbo and the development of several smaller ports.

Ro-ro, air freight and overland haulage operators are all likely to feel the pinch as a result of the anticipated continued swing to fully cellular containerships and back to conventional cargo ships as these new facilities are completed.

There are signs, however, that the swift growth of container services between Europe and the Middle East may result in an imbalance between the container and break bulk handling facilities and that some conventional berths now under construction may be obsolete before they are completed.

Air freight to the area has also received a fillip from port congestion. But while it continues to expand by about 15 per cent a year it seems unlikely to attract more than just the smaller more valuable and/or

and to remain sensitive to local cultures and customs.

Several medium to small sized contracting operations in the U.K. have reported difficulties in this respect and have invariably reverted to relying on their own, relatively inexperienced, people, rather than trust the fate of their company to outsiders.

Attraction

There can be little doubt that the major attraction of the Middle East to the expatriate worker is quite simply the money. Salaries can be two or even three times higher than might be the case at home, providing any work was available, and in most countries earnings are tax-free. The chance to work in the Middle East, therefore, represents a chance to accumulate a level of funds which is rarely possible at home.

It is only fair to add, however, that most expatriates would point out that while money is a big attraction, the demanding nature of some of the contracts now in hand and the additional responsibility which team members can expect to take on also provide good reasons for heading for the Middle East.

Money apart, standards set by most European contractors for their management team are surprisingly high, considering some of the locations in question. Most companies provide camps for bachelors and families and sites invariably offer a range of amenities, from schools, shops and clubs to swimming pools, that satisfy most employees. Leave arrangements, with flights paid home, are also generally good.

For the employer there will be few problems in recruiting people from home if he ranks among the larger contracting operations. He will have the talent to draw upon and usually a fairly long list of people willing to have a go in a new country. One potential problem the employer must bear in mind, however, is maintaining a flexible enough system to enable the reintroduction of his overseas management men if and when this becomes necessary.

For the small operator, however, immediate difficulties can arise when he attempts to find the skilled and experienced people required to service an overseas contract. He may well be forced to recruit from outside and here he can encounter problems.

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One problem in selecting managers is to weigh age and experience against youth and enthusiasm. Clients in the Middle East usually respect age, but the older man may find it much harder to adapt to the new conditions he must expect to confront. Many contractors have settled for a blend of both.

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Congestion

CONTINUED FROM PREVIOUS PAGE

in the Gulf from Japan and palatial cargo from the larger ship is loaded into the smaller ro-ro vessels using the conventional ships gear. When her full cargo has been taken on board, Hokuto Maru moves to the berth and the cargo is transferred to the Line's storage areas using either fork lifts or trucks.

Huge trucks are also used by European hauliers who were quick to take advantage of the situation by opening up overland routes to the Middle East, thereby bypassing the congested ports.

Combination

But a combination of long journey times and small vehicle loads—a road vehicle can transport only about 120 to 150 tons of cargo a year—will almost certainly ensure that these long hauls decline as congestion eases. There is in fact already a discernible trend away from the long overland runs and towards integrated services with ro-ro operators—that is, transporting cargo inland from the Middle East ports.

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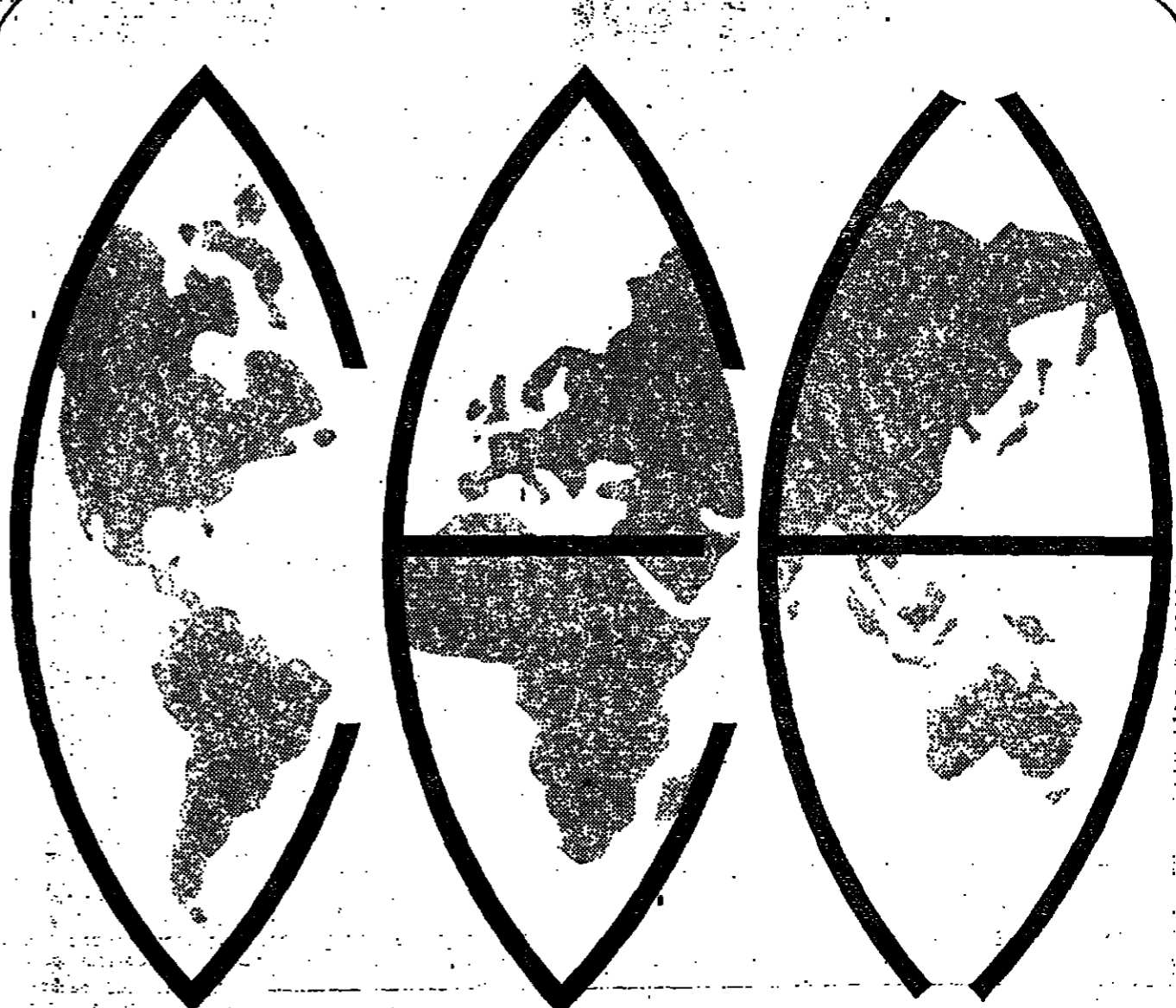
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Growing need for domestic industrial plant

ONE OF the most immediate and most publicised responses of the Arabian Peninsula oil exporters to the revenues explosion of 1974 was to plan massive construction of heavy industry in their States. The idea was to take advantage of their seemingly unlimited financial resources and their massive production of gas associated with oil to build huge capital- and energy-intensive export-orientated process plants. These would not require imported raw materials for the most part. They would need minimal labour forces to operate and would bolster the States' income in the 1980s when crude oil exports might cease to provide all of their needs for revenue. Because it is expected that the Arabian Peninsula States' reserve of gas, including unassociated gas, will last longer than their reserves of oil, it was also thought that the new industries would take over as the main source of income in the more distant days when oil production would actually start running down.

To make the output of these plants competitive in the output of plants in more conventional locations, it was thought that it would be sufficient to lay on supplies of cheap or free gas as fuel and feedstock. After all, it was reasoned, although some of the associated gas production (about 50 per cent. in Kuwait and 20 per cent. in Saudi Arabia) was used productively for power generation, small local industries, export as natural gas liquids and reinjection, most of it was simply flared and, in effect, going to waste. It was approved that in these conditions there was nothing to be lost by virtually giving away the gas to industry—especially when it was borne in mind that it would be impracticable to export most of it as a fuel.

For methane (ordinary mains gas in the West) the potential markets were nowhere near big enough for the amounts of gas available. For ethane (petrochemicals feedstock or a minor constituent in mains gas) there was no export market at all, because the liquefied gas could not hope to be competitive with naphtha, the normal petrochemicals feedstock, in Europe. The heavier natural gas liquids, on the other hand, were considered exportable—even if, with the projects completed and being implemented, there is now a danger of over-capacity for such products.

Income

At the same time, it was reckoned, in accordance with the oil exporters' philosophy of giving the maximum added value to their product, that the net foreign exchange income from the output of the planned process plants would (in theory) exceed the net foreign exchange income from gas exports, even if a market for the gas were to appear.

The industries considered under the heading of heavy process plant (including some which do not fit in entirely with the comments above) were: aluminium and steel smelting, fertilisers, various different petrochemicals, protein, oil refining, natural gas liquids and, for a very small proportion of the gas involved, liquefied natural gas (liquefied methane).

The producing states of the Arabian Peninsula and the Gulf already had some of these industries operating on an export scale in 1974 and have brought one or two more on stream since. There are big export refineries in Saudi Arabia, Kuwait and Bahrain, though all except one of these (Kuwait's Shuaiba refinery) were or are still owned and run by the former oil concessionaires and have their output marketed through the concessionaires' own distribution networks. In addition there are NGL plants in Qatar (where the installations were largely destroyed by an explosion earlier this year), Kuwait and Saudi Arabia—the last of

	Working population	1976			1981 (forecast)*			% Change over 1976	No.
		Unit sales (\$000)	Average local retail price (\$/m.)	Market (\$m.)	Unit sales (\$000)	Average local retail price (\$/m.)	Market (\$m.)		
Hydraulic excavator (360° slewing, tyre and crawler mounted)	3,015	613	78	48.1	1,000	84	84.1	75	63
Backhoe loader (180° slewing back actor, front wheel loading shovel)	1,605	645	26	16.7	1,295	29	37.7	126	101
Rubber-tyred wheel loader (including wheel dozers)	18,270	3,430	79	272.8	4,540	86	391.4	44	32
Crawler-mounted loader	3,980	829	83	68.0	1,115	89	98.7	45	36
Crawler-mounted dozer (used with or without blade)	20,320	2,865	108	309.2	4,270	112	476.5	54	49
Motor scrapers (one and two engine and elevating)	1,650	362	189	68.4	458	208	94.6	38	26
Motor graders	9,005	1,395	98	137.0	1,580	105	177.2	29	20
ALL EARTHMOVING EQUIPMENT	57,855	10,130	91	920.0	14,353	95	1,302.2	48	42
Rear dump trucks (off-highway, payload over 14 tonnes)	1,167	268	120	32.2	555	133	73.7	129	107
Other construction transport (mainly tipper above 15 tonnes gross weight)	45,200	13,630	36	486.2	16,100	40	645.7	33	18
ALL CONSTRUCTION TRANSPORT	46,367	13,898	37	518.4	16,655	42	719.4	39	19
Roadmaking plant (pavers and finishers)	1,836	406	99	40.1	511	105	53.9	34	26
Vibratory rollers (above 2 tonnes unit weight)	4,900	1,321	33	43.6	1,845	37	68.4	57	40
Static rollers, self-propelled	4,770	769	25	19.6	940	28	26.3	24	22
Mixing and batching plant (concrete and asphalt)	1,989	449	96	43.2	719	105	75.7	75	70
ROADMAKING PLANT AND ROLLERS	13,485	2,945	50	146.5	4,015	56	224.2	53	36
Truck cranes (lattice boom with 10 tons or more lifting capacity)	4,700	720	113	81.6	590	145	85.4	5	-18
Truck cranes (telescopic boom) and rough terrain cranes (10 tons or more capacity)	3,880	1,401	136	190.2	1,900	154	292.5	54	38
Crawler cranes (8 tons or more capacity, including dragline specifications)	4,325	654	137	89.4	805	146	117.9	32	23
Tower cranes (all specifications)	3,150	935	77	72.2	1,720	89	151.6	110	84
ALL CRANES	16,255	3,710	117	433.4	5,015	129	647.4	49	35
Site bumpers (front and side dumping skips)	25,200	8,690	6	52.9	12,440	7	86.6	66	43
Drilling and piling plant	2,740	735	33	25.2	1,230	37	44.6	77	62
Diesel generators (portable 10 kVA and over, including welding sets)	33,250	10,200	13	130.7	11,300	13	142.7	14	11
etc. (mechanical plant only), assessed in monetary terms only	1,680	280	130	49.4	569	141	80.1	62	50
PRECEDING FOUR CLASSIFICATIONS	62,870	20,025	13	257.3	25,529	14	360.0	40	27
Other related equipment: pumps, compressors, drum mixers, hoists, etc. (mechanical plant only), assessed in monetary terms only	196,822	50,708	45	352.0	65,569	50	681.0	79	29
TOTAL MARKET	176,710	55,631	45	2,842.1	55,631	45	2,842.1	50	29
1975 total market	11	0	-9	-6.0	18	11	41.0	41	18
Change of market 1975-76 (%)									

these plants being operated on the same basis as most of the refineries; there are three fertiliser plants—in Kuwait, Saudi Arabia and Qatar; an LNG plant in Abu Dhabi; and an aluminium smelter (ALBA) in Bahrain.

During the past three and a half years the list of new projects discussed and studied has been a very long one. Any one not closely involved could be excused for assuming that a large number of new industries must by now be under construction. But, in practice, there are relatively few projects either being built at present or subject to firm construction contracts. Those that do fall into this category are: NGL plants in Kuwait, Saudi Arabia (Jubail), Qatar (in addition to the reconstruction of the existing plant), Abu Dhabi and Dubai; petrochemicals plants in Qatar (polyethylene) and Kuwait (aromatics); a refinery in Abu Dhabi; an aluminium smelter in Dubai; a second fertiliser plant in Qatar; and a steel mill in Qatar.

At a somewhat earlier stage of development, undergoing design engineering or advanced studies, and beginning to look like probable starters, are: export refineries in Saudi Arabia (one at Jubail and one at Yenbo), Dubai and Kuwait (involving the expansion of Shuaiba); an NGL plant in Saudi Arabia (at Yenbo); petrochemicals plants in Saudi Arabia (four plants undergoing design engineering and one at the advanced feasibility study stage) and Kuwait (ethylene); a fertiliser plant in Abu Dhabi; and steel mills in Saudi Arabia (Jubail) and Dubai.

Realisation

Other plans have had to be scaled down when governments have realised that there will be less natural gas available than they had originally believed. This has happened as the fall in oil production levels (both anticipated and actual) has underlined the fact that the volume of gas output is wholly dependent on world oil demand. Unless the new plants are to operate well below capacity they should be built with minimum oil production levels in mind. The only ways of avoiding this would be to produce cap gas (which lies above oil in the reservoirs, having separated from the crude as production reduces the pressure of the reservoir) or to discover and bring on stream fields of unassociated gas, either by appropriate quantities of ethane (for petrochemicals) and natural gas liquids, whilst also being inappropriate for use even as a methane feedstock for fertiliser production.

Apart from prompting a scaling down of industrialisation plans, these considerations have also led governments to be more careful in deciding what plants they should build—trying to make sure that the ones they opt for eventually will involve the most profitable use of their limited resources.

These processes have been fairly apparent in Saudi Arabia, where, without there having been any official announcements, Petromin is now gearing its gas gathering system to cope with a normal oil output in the early 1980s of 10m. barrels a day instead of 12m. b/d. Because of soaring costs it is also radically reducing the amount of ethane it hopes to get out of the system. Both of these changes will involve fewer industries being built than there would have been under the original plans.

Similarly, in Qatar now that the national oil company is rebuilding its original NGL plant as well as constructing new facilities known as NGL II, the total NGL capacity planned is actually less than was envisaged before the oil price explosion.

Meanwhile Kuwait has abandoned projects for a steel mill and an aluminium plant not only because of manpower considerations, but also because it felt that an NGL plant and associated petrochemical plants would involve a more profitable use of very limited gas resources. Now it has embarked on building an NGL plant which would involve the state having to run oil production at 3.3m. b/d in existing installations (for power generation and sea-water desalination) are to be operated at capacity. In the last two years Kuwait's oil output has not averaged much above 2m. b/d, and at times it has dropped well below 1m. b/d. In future Kuwait will have to embark on some aggressive oil marketing, or resign itself to having an NGL plant which will be able to take full advantage of surges in production but which for much of the time will be operating well below capacity. In these circumstances it may be difficult to market the additional NGL which will be produced during periods of high oil output.

A third factor prompting a reassessment of industrialisation plans has been the danger of surpluses. For most projects are to be marketed by the responsible foreign partners rather than of any local state entity, but the governments are still very much aware of the possibility of overproduction if the countries of the region opt for a large number of similar plants, with this danger in mind they have recently established the Gulf Institute for Industrial Co-operation. (Apart from arranging for members to co-ordinate their heavy industrial plans, the Institute will be taking an active role in promoting joint projects in the lighter industrial sector.) Although plants in this area are not export orientated, there are obvious advantages in economies of scale in seeing that such medium-sized industries as glass and bottle making should be built to serve the region as a whole.

The dangers of overproduction by new heavy industries are seen at present in NGL, petrochemicals and oil refining—though in the latter two the problems are relatively small. For refined products

there is clearly going to be a huge expansion of the regional and NGL export system market over the next ten years, even if quite a big part of the extra demand will be met by the facilities likely to be built in the consuming countries. Given the fact that apart from the Abu Dhabi project, none of the new plants will be on stream before the 1980s, the companies involved in foreign partners are taking a fairly relaxed view of the 'situation'. With petrochemicals also, it is thought that the huge expansion of the world market expected over the next 15 years should prevent the danger of surpluses becoming a potential output. (Beside Saudi Arabia's system the other plants in the Gulf will be relatively minor—though equivalent to less than a quarter of total Saudi capacity.)

Apart from this one industry, the anxieties of all parties have

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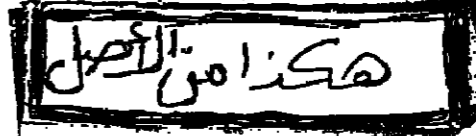
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South Korea's answer to its oil bills

South Korea's answer to its oil bills is a dramatic increase in exports to the area as well. As a result, Seoul now looks cautiously forward to earning \$1.7bn. on exports to the Middle East this year to pay for \$1.7bn worth of oil it will import. It is a feat which looks all the more impressive since few other countries which depend almost entirely on the Middle East for energy have managed to pay their oil bills fully with increased exports to oil producers since the oil crisis.

For South Korea, the boom is not yet over. In 1973 exports to the Middle East amounted to only \$50m. By last year, they hit \$900m. and rising. It will not be easy to reach the \$1.7bn target this year, but Korea can still rely on the massive construction contracts of 1976 to pull in sizeable orders for materials and equipment. Certainly, that is the experience of the past two years.

Contracts

Between 1973 and 1975, Korean construction companies went from zero to \$863m-worth of contracts in the Middle East, about three-quarters of them in Saudi Arabia. At the end of that period, some 6,500 Koreans were working on Middle East projects to build housing, port facilities and the like. And working conditions and wages in those paid on other sites by European employers. Responding quickly to the unrest, Seoul announced that it would enforce equitable wages for all Korean employees in the Middle East by introducing what the Government's Labour Affairs Office calls a "standard wage contract" system. Under the system, submit details concerning pay and working conditions for their branch of the group's new Korean personnel before clinching a contract. In cases where the conditions are seen to fall well as well as plant exports, and the Seoul director of both, Mr. Chung reserves the right to withdraw In-Yung, hopes to proceed into permission for the company to both sectors in tandem, with build overseas. The new system plant exports feeding back

Statistics for the first quarter of 1977 show that the boom was still under steam. Construction contracts for the first three months were reckoned at \$825m., or faster than the quarterly average in 1976. A further 6,500 jobs were created for Korean workers, who totalled 34,250 at the end of March. And there is evidence that exports were running at about twice the year-ago level.

Bottlenecks

A further bottleneck in securing construction contracts will be the difficulty of finding cheap but advanced capital equipment. Until now, the firms have concentrated mainly on roads and housing contracts which require very little "value added" in the form of plant, but it is clear that profits will be much larger in full-scale plant exports of the sort Japan has concentrated on in the Middle East. (Last year, for instance, Japan's worldwide overseas construction contracts amounted to only \$1.1bn., less than half Korea's contracts in the Middle East alone. On the other hand, Japan's plant exports were \$8bn. last year, up a third on 1975.)

Korean suppliers are limited in the range of equipment they can offer along with their construction services, but the range is expanding steadily. There is already one cement factory on order, and recently Saudi Arabia said that it would place orders for three petrochemical plants with Korea before 1980. Korean companies were scouting Middle East markets for other turnkey plant exports, although they do not expect any real boom for another year or two, not least because most of the big companies are already overbooked with orders for construction work. But at Hyundai, for instance, the conglomerate is in charge of the group's new advanced machinery division as well as plant exports, and the Seoul director of both, Mr. Chung hopes to proceed into permission for the company to both sectors in tandem, with build overseas. The new system plant exports feeding back

into building more advanced machinery. Meantime, Hyundai Construction is counting on Hyundai Shipbuilding and Engineering to do much of the supply work connected with its major Middle East construction contracts, and the orders (principally for offshore structures) have been a welcome respite from the downturn in ship orders in the last year.

Other big Korean conglomerates are getting into the Middle East construction game much later, because until now the construction firms have held sway. But in the course of 1977 most of the big industrial groups without construction interests will have acquired some. The Lucky Group, for instance, is starting from scratch with its Lucky Development Company. Sunkyoung Group and ICC Corporation, two general trading firms, are shopping around for small construction companies, and the biggest industrial giant, Samsung Group, recently took over the Tongil Construction Company. (Samsung is also actively moving into plant export through its Samsung Heavy Industries Company.)

For now, there are few doubts that Middle East construction will continue to be the mainstay of Korea's presence in that region, but there has been a spin-off from the boom in other industrial ventures outside the construction sector but also in the Middle East. Notable among these is the recent decision to build a silk plant at Dammam in Saudi Arabia, a venture between Youngnam Silk Industry (which is putting up \$10m.) and the local Al Jaboua Trading Company (\$7m.). Korean exports will especially benefit from the venture's long-term plans to import about \$10m. annually worth of raw silk to be processed in the factory.

Douglas Ramsey

TOTAL EXPENDITURE FOR CONSTRUCTION IN MAJOR MIDDLE EAST AREAS

	1975	1976	1981 (forecast)*	% change 1976-81	1976 per caput (\$)
Iran	7,560	6,300	8,100	28.6	183
Gulf†	2,160	2,100	1,800	-14.3	807
Saudi Arabia	6,930	7,400	6,000	-18.9	1,088
Iraq	3,400	2,750	3,800	38.2	243
Syria, Jordan, Lebanon‡	(1,250)	(1,300)	1,900	(46.2)	144
Egypt	2,000	1,850	2,700	45.9	47
Libya	1,800	1,700	1,900	11.8	654
TOTALS	24,200	23,400	26,200	12.0	220

* In 1976 prices, disregarding inflation. † Kuwait, Bahrain, Qatar, UAE, Oman. ‡ Lebanon 1981 only. § Including military projects, but not the cost of land or planning fees. Source: Plantec (Overseas) Research, London.

Plant

CONTINUED FROM PREVIOUS PAGE

been focused less on marketing current Qatari projects are Kobe steel, Norsk Hydro (in the second fertilizer plant) and CdF Chemie (in the petrochemical plant). In Saudi Arabia proposed partners are Shell, Mobil, Exxon, Dow and Mitsubishi for petrochemical plants, Shell and Mobil for refineries and Korf-Stahl for the steel mill.

Advantages

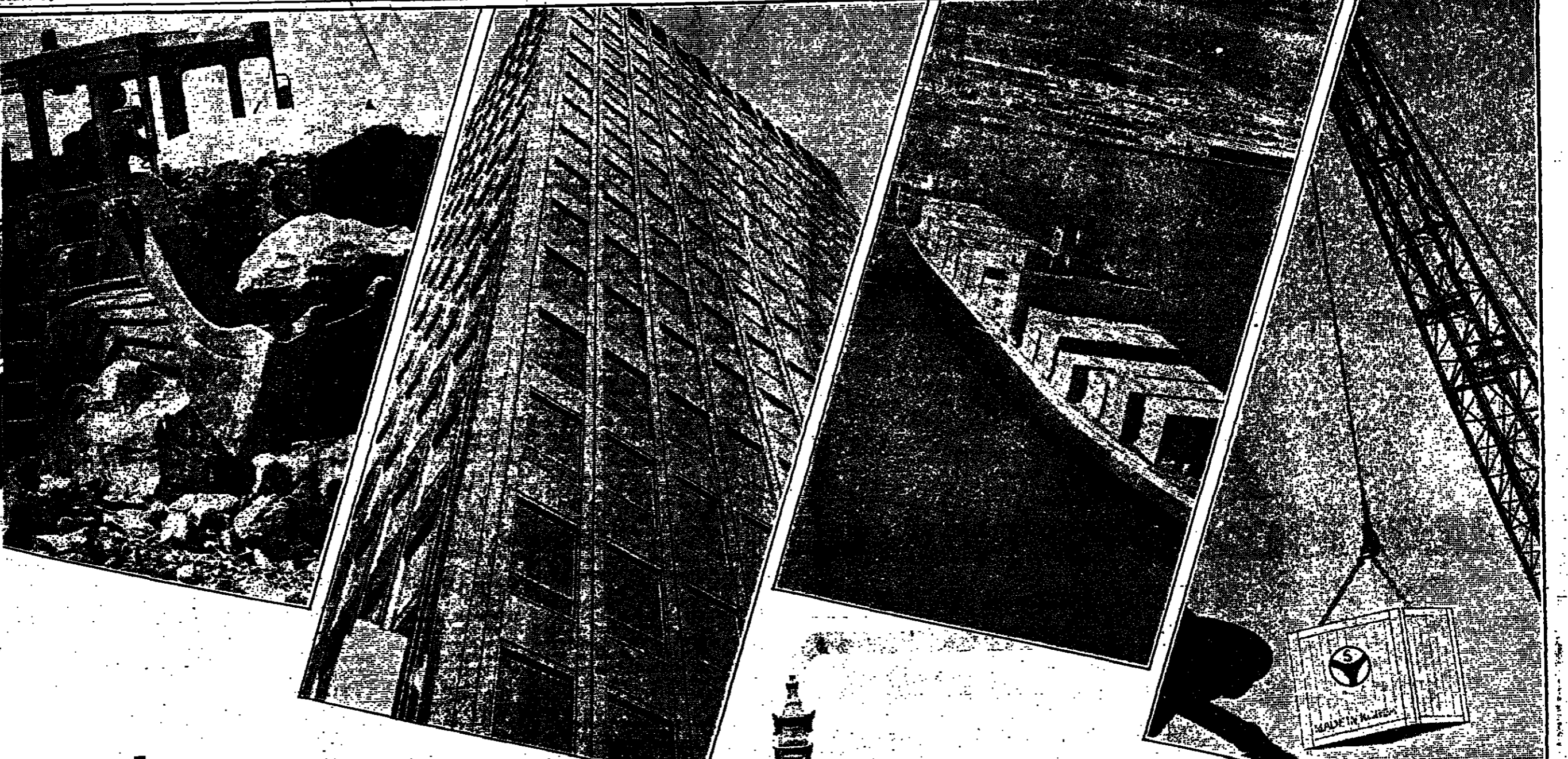
For the joint venture companies which will own these industries there are certain economic advantages in operating in Arabia. They can anticipate cheap loans, nominal land rents in the new industrial towns, tax holidays (or complete freedom from tax), and above all, cheap gas as fuel or feedstock. (In Saudi Arabia the cost of gas for the proposed new industries has not yet been fixed, the agreement being that when each plant comes on stream a price will be calculated which will give the owners a profit of 15 per cent. a year on their equity capital, a rate of return which the Saudi government now regards as being the standard for all industrial enterprises. This formula may, of course, involve an industrial venture getting its gas free—as the fertilizer plant does at present.

Depending on whether or not market prices are charged, water and electrical power may be either more or less expensive in Arabia than they would be in established industrial areas, but there are some features of operating in Arabia which are definitely disadvantageous. These are the 20 to 40 per cent. higher capital investment required, the higher labour costs (with savings in social security contributions and salaries at certain levels being offset by the need to pay for bigger fringe benefits and a bigger labour force), the lack of a skilled local labour force with any significant experience, the greater possibility of breakdowns inherent in the severe environment of the Arabian Peninsula (the problems of the Saudi fertilizer plant, for instance, stemmed from brackish water causing severe corrosion in the cooling system), the need to operate additional special processes such as the refrigeration of coolants, and the difficulties of repairing breakdowns quickly in a non-technological society where expertise and spares are not close at hand.

It is the memory of these problems which has prompted Saudi Arabia and Qatar, in particular, to undertake future projects in joint ventures with foreign companies. This is to give the contractor/project manager/marketer as much of a vested interest as possible in the success of the project—even though the experiences of the Kuwaiti and Qatari fertilizer plants both of which involved foreign partners (BP and Gulf Oil in Kuwait and Norsk Hydro in Qatar) show that this is not an infallible formula for success.

Foreign partners involved in

Michael Field



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Big British presence

BRITAIN'S BUILDERS and civil engineers are alive and well and, more often than not, making money in the Middle East.

The British presence in the oil rich—and not so oil rich—nations of the region is in many cases a strong one and while there will always be the inevitable, and sometimes justified, criticism that greater effort could bring even bigger rewards, the U.K. construction fraternity is by and large keeping abreast of some very exacting competition.

The goodwill that can still surround British activities and personnel around the world certainly extends to many parts of the Middle East, where the U.K. contractor and engineer is respected as an operator with strong professional and business ethics, who is trustworthy, reliable and usually competitive.

If all that sounds like an advertisement on their behalf which is likely to raise a few sniggers among observers at home, it merely represents an unsolicited amalgam of the characteristics most repeatedly used by the clients in the region when they are asked to sum up the U.K. contractor.

Queuing

That is not to say that potential clients are exactly queuing up for favour of consideration by a U.K. operation. At a time when many of the world's construction industries are facing recession in domestic markets and the Middle East represents one of the few global markets undergoing rapid and wide-scale development, the acquisition of any work can be difficult even for the most favoured of competitors.

So far, however, the British contractors can be seen to have done a fairly good job in selling themselves to customers who have the pick of the world's best from which to choose.

The region is not a new one for many of the U.K.'s largest civil engineering operations, who have a long tradition of working overseas. Some of them have been in the Middle East for thirty years or more and in that time have been able to build up the sort of stable client-contractor relationship which all the newcomers envy and wish to emulate for themselves.

There is, however, a danger in familiarity. One of the biggest potential pitfalls for any contractor well established in the region—British or otherwise—is his belief that his traditional ties will prove sufficient to generate ongoing business. The Middle East construction market is possibly more competitive than it has ever been or will ever be again and there are already some notable cases of contractors having business, which they simply assumed to be theirs, swept away from under their noses by an aggressive newcomer.

It is a view often expounded by the largest contracting

operations in the Middle East that there is little room left for any operation which has not by now established good contacts, learnt the peculiarities of the individual markets in question and got some successful contracts behind him.

Recent events have proved, however, that the clients are prepared to fundamentally rethink the existing orders of things and, apart from any other consideration, their belief in some instances that contractors have been exploiting their wealth in the form of inflated bids, seems certain to lead to a much closer watch on "established" contractors and their tenders. It is under conditions like these that the arrival of highly competitive newcomers—witness the South Koreans—can expect to do well.

It is as much the prevailing attitudes and traditions within client nations as any actual physical and geographical differences which make the Middle East market a series of widely diverging market places rather than a comprehensive whole and each of them has to be treated differently by the company seeking work in them.

Construction is no exception and there are good reasons why British contractors' experiences have varied enormously throughout the area; why some countries offer considerable volumes of work to them and why others prove impossible or imprudent to penetrate.

In the United Arab Emirates, for example, a distinct and well-established approval for many British business techniques and standards, borne out of a long association with the U.K., has opened up the contracting market for British operations. Again, competition is intense but the British have been doing well.

When the demand for construction work shot up almost overnight, most of the Emirates found themselves with small, inefficient building industries offering low standards of workmanship. They were weak in terms of self-organisation, particularly in the building side of the business, and often incapable of providing the services required to fulfil off their own development.

Standards have since improved significantly, with the result that local contractors are winning back some of the business which, by default, they lost to foreign competitors. The trend means that medium-sized contractors—including some from the U.K.—may now find it more difficult to pick up work while newcomers may have to wait one or two years to pick up any business at all. The outlook in the Emirates looks best for specialist contractors, who can expect another five-to-ten years of business in a small market place where the present momentum of construction must soon begin to slow down.

In contrast, the Saudi

Arabian market is large and potentially medium to long term, although winning business for the British has been a difficult task. While there are more U.K. consultants operating in Saudi than any other national contingent—names include Sir William Halcrow, Robert Matthew Johnson Marshall, White Young, JDM Watson and John Taylor—little of the work designed by them has gone to British contractors.

While some of the U.K.'s failure in Saudi must be attributed simply to what is perhaps the most intense competition to be found in any of the Middle East countries, there is also a clear case of unwillingness to participate.

Hospitable

For if the Emirates seem hospitable, Saudi can at times appear quite hostile. Earlier this year, the market place changed quite dramatically when Saudi rejected what it described as inflated bids by Western and Japanese companies for power projects and stated that it intended to show the country was not "easy meat" and that while companies were not expected to lose money they would have to adopt a fair attitude towards profit margins.

There has, without doubt, been some very high tendering with bids three or four times as high as consultants' estimates, but contractors are quick to point out that they are faced with fixed price contracts—as in most Middle East countries—and high inflation rates.

The Saudi's refusal to contemplate cost escalation clauses or even cost plus contracts has been sufficient to put many contractors off, and Saudi Arabia's contract conditions are generally accepted as harsh and restrictive.

Contracts do not contain any allowance for "force majeure" or even recognise the possibility that sometimes delays can be brought about by circumstances totally beyond the control of the contractor. Usually, no provision is made either for independent arbitration and disputes are normally referred to a grievance board which has a reputation for finding the foreigner at fault.

In addition, contractors also face the prospect of changes in specifications which Ministries can often make, without any recourse to compensation. Delays in progress payments are also fairly common and can cause severe operational problems for the contracting operation. Penalty payments and a wide range of bonds add to the potential problems.

It is certainly true that foreign contractors are now less daunted than they were a short while ago by the guarantees demanded by the Saudi Government, although the problems, it is important to stress, are not Saudi's alone but it is the sheer size of many of the contracts which have been or will be let which has magnified the difficulties.

But contracting, as the saying goes, is all about solving difficulties and while Saudi Arabia may be a market which has so far escaped U.K. contractors—a pity, as it represents the largest and potentially best source of business for years to come—they have proved far more successful elsewhere.

To compile a list of the contracts which British builders and civil engineers are currently working on or chasing in the region would, on their own, fill and Ja Dahab is operating a survey, but a resumé of some of the work being done by the largest and most successful

U.K. contracting companies provides a profile of the type and size of work now being undertaken.

In Iran, a market which until now has not proved too easy for U.K. companies, Marples is made either for independent arbitration and disputes are normally referred to a grievance board which has a reputation for finding the foreigner at fault.

Work started in the spring of 1976 after some serious mobilisation problems and it is expected that the contract will be completed towards the end of 1978 or the beginning of 1979.

The road's construction has meant the provision of around 1,000 culverts and bridges— together with a series of short tunnels — and Marples has a workforce of about 1,700 employed on the job. The company hopes its experience will lead to other work in what is potentially a major construction market.

Among the biggest contractors, Costain continues its extensive works programme in Dubai, Abu Dhabi and Oman. Over 20 per cent of group turnover comes from the region and just over a week ago it was announced that the company had won a £12m. turnkey contract for a container terminal at Jeddah.

Taylor Woodrow, which has been operating throughout the Middle East for over 25 years, has a long list of contracts in the region. In Saudi it has worked through its local company and is heavily committed in Oman. In Bahrain, work has started on working on or chasing in the region would, on their own, fill and Ja Dahab is operating a survey, but a resumé of some of the work being done by the largest and most successful

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Other names include, now providing management, two, 14-storey flat development schemes in Tehran, Come and Higgs and Hill, Howard International—6,000 sq ft this year—is currently working on contracts worth nearly £34m in Bahrain, Dhahran and Qata. Lesser Building Systems, has been supplying accommodation to the construction industries in the Middle East for 30 years among its contracts being building bungalows for Howard personnel at w Qatar. The company has won a £2m contract to provide villas in Jeddah and is negotiating further contracts in Saudi, Qatar, Bahrain, Iran and Iraq.

Bernard Sunley can be a major force in where work on the National Trade Centre, alone at £109m, is for completion at the next year. Among contracts now in hand, Sunley has a £4m contract for a building in Abu Dhabi, hospital project in Qatar, 77m. police building scheme in Dubai. Sunley recently has £140m. business in the Gulf, for about 80 per cent over, and more contracts understood to be in the line.

Included in the long contractors is Linn Wimpey, who are together in Saudi, and which is just completing extension to the Ajman development among its contracts and is also a £50m. tunnel under the Canal.

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U.K. Government takes an interest

THE GESTATION period may have been unforgettably long, but there is now sufficient evidence available to suggest that the U.K. Government is taking the construction industry's export drive—particularly in the Middle East—much more seriously.

Ministers used to urging machine tool companies and car companies to sell more aggressively overseas have woken up to the fact that the foreign earnings potential of British builders and civil engineers—even excluding the professionals and their "invisible" contributions—is huge and that their efforts abroad are worthy of considerable support.

It may, the cynics will say, simply be a case of Government being unable to overturn the depressing state of affairs in the domestic construction market, largely brought about by their own public expenditure decisions, and 'deciding' to place full emphasis on whatever is left for them to promote, namely overseas work.

But whatever the reason, the overseas activities of U.K. contractors seem no longer just a matter for individual enterprise but more a focus for some sort of national effort. It is a trend which is surely long overdue but one which now appears to be catching on fast.

It has been a long standing, though not always fair, criticism that U.K. Governments of all colours have generally been far less prepared to assist in the overseas efforts of construction companies than many of their counterparts. The need for an appreciation of their contribution and for a more centralised exporting effort is something for which the industry itself has, regularly pressed but which, until recently, has met with little response.

Now Government has begun to pursue a more active role in the search for overseas contracts, even to the extent of the National Enterprise Board joining in consortium with contractors to bid for work.

Further and continuing involvement by the NEB may help to ease one of the major inhibitive problems facing U.K. contractors seeking business in the Middle East in particular. Compared with many of the European competitors, as well as those from further afield from places like Japan, British contractors face substantial problems in obtaining from their banks the necessary guarantees which are invariably treated as part of their total line of credit.

In West Germany and Japan, special fund, from which it will contribute up to 50 per cent of the precontractual expenses of interlock such more and

sources of finance respond much more readily to the challenge, while in France the predominantly state-owned banks react more predictably to official directives concerning assistance.

There is no suggestion that NEB participation in schemes, broadening the capital base of consortia who are exposing themselves to large contingent liabilities, is in itself an answer to the industry's difficulties but the NEB's emergence as a participant in joint ventures abroad is indicative of the new wave of thinking.

Though not exclusively aimed at construction companies, the new arrangements for the treatment of employees living in the U.K. and working abroad provide another indication of the importance now being attached to the country's overseas selling efforts and were as much a result of heavy lobbying from the contracting and professional sectors as from any other.

Contractors have consistently pointed out the enormous differences in tax status between many of their own employees and those of many of their competitors and that recruitment for them has often proved difficult because of the prohibitive tax situation.

At present, exemption from U.K. tax rates only applies if an employee's earnings are from a separate employment, the duties of which are wholly performed abroad, and he is absent from the U.K. for a continuous 365 days a year or more. There is a 25 per cent deduction if he is absent for a shorter period.

From this year, however, a person may qualify for the deduction whether the overseas work is performed under a separate employment or as part of the duties of an employment which are also carried out at home.

An employee working abroad for a continuous 365 days or more will be exempt of tax while someone who works abroad for a total of 30 days or more in a tax year, whether continuously or in aggregate, will be entitled to a deduction of 25 per cent from the earnings before tax rates apply. There will also be more generous treatment of expenses incurred in travelling between the U.K. and overseas employment.

While on the subject of direct financial incentives, the Overseas Project Group is continuing to develop the use of its special fund, from which it will contribute up to 50 per cent of the precontractual expenses of companies or groups bidding for

large contracts. It is also help in locating agents or representatives. The OPG itself represents a system of consultancy contracts are concerned. Funds for this type of help are, however, fairly limited. The OPG forms part of the British Overseas Trade Board, which is comprised of business men as well as representatives of several Government departments. The Board offers a wide range of exporting services, from providing market information on tariffs and import regulations, to

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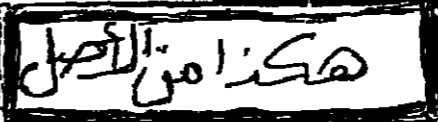
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Consultants make an impression

IR efforts might many potential pitfalls which the newcomer has to confront in trying to sell his expertise.

As a recent guide to consulting engineers considering work overseas pointed out, the requirements of the international market for consulting engineering services must first be fully understood. To assume that they were merely an extension of the U.K. demand or that U.K. methods of operating need only need adjustment for local conditions is quite wrong. The differences, it stated, between the U.K. and international requirements were far more pronounced than many imagined.

It continued: "Apart from a knowledge of the bi-lateral and multi-lateral loan and aid agreements and conditions, there are many different facets to be appreciated. Competition exists. Competition of a rough and sometimes none too ethical nature not experienced in the U.K."

Competition of a rough and sometimes none too ethical nature not experienced in the U.K. The consultant must also expect to be confronted with occasional problems over payment. A client can examine plans and specifications but make clear his resistance to the idea of paying simply for several pieces of paper. Alternatively, there may be a change of government between award and completion of the commission, the new administration having completely differing views about honouring its predecessor's obligations.

As the same guide, "Consulting Overseas," made the point that "Much more emphasis must be placed on the personal compatibility of the consultant with the client than in the U.K." A five second lapse in this direction, albeit unintentional, can wreck years of work establishing good relationships.

Selection of the correct level of technology is also important. There must, on the part of the consultant, be due regard to what already exists in the market in question and what must be added to produce the method of implementation which will best exploit the capital being invested. In the purely technological field, there are few things which set the Arab countries apart from the rest of the world in terms of problems confronting the engineer.

It is his job to set the scene to implement new projects, to mobilise other branches of the industry, contractors and suppliers, so that they can combine to ensure construction and completion. There are, however,

some operational factors which the engineer will find are not necessarily peculiar to the Middle East but certainly more commonplace.

A major factor, according to a U.K. consultant taking part in a recent conference in Bahrain, is time—or rather lack of it. There is a tremendous urgency attached to almost every project now under way in the Middle East, with a high element of competition between different countries within the region to be first to complete building programmes. The consultant may accordingly have to do a lot of arm-twisting to cut his times, and those of the contractor. This urgency is not, however, always seen to be related to an early commercial return on invested capital but it is just as likely to be the result of an overriding desire to complete social and prestige projects before one's neighbours.

This urgency, as the consultant pointed out, can sometimes conflict with the professional caution of the consulting engineer who can sometimes be cast in the role of a stubborn mule when he is in fact merely trying to protect the interests of his client.

Another situation which consultants may encounter is one of conflict between two requirements of their Arab clients. Under certain circumstances, the client makes it clear that he is employing foreign consultants because he wishes his works programme to incorporate the latest in thinking and techniques but at the same time he is anxious to ensure that his local resources and contractors are fully utilised.

While the client may well appreciate that neither he nor his local builder has the necessary expertise to carry out work on his own, he will still expect the consultant to marshal local resources and adapt their abilities to meet the required levels of expertise.

Life for the consulting engineer is not all problems. His status is generally very high throughout the region and, whether he is providing a full service including detailed design and working drawings or merely offering a conceptual design and outlining the parameters of the project, his opinions and decisions are valued.

According to one British consultant: "If things go wrong sometimes it is usually because the system is overloaded by the abnormally high level of activity which is now going on in the region. It can also be due to a failure in communication between the client and his consultant and the consultant is probably responsible for much of the blame; he has not done his research on his client thoroughly enough and he has not made sufficient effort to make himself and his position properly understood."

As far as the promotion of U.K. consultancy services is concerned, the British Consultants' Bureau has recently become a focal point for their efforts. The Bureau, formed in 1965, has 200 of the largest consultancy firms in the country as members and provides extensive support and advice for consultants, large and small seeking or undertaking work overseas.

The Bureau is aware that despite the foreign successes of U.K. consultancies, there remain plenty of business opportunities and the current success rate, in terms of commissions, could be increased still further if the effort was better organised at home. The message from the Bureau is one of combining together and attack outwards in order to ensure that the British army of consultants, one of the nation's most impressive "invisible" earners, wins more of the tough business battles overseas.

The consultant can also find himself on sticky ground when it comes to the matter of recommending acceptance of tenders. The problem is essentially a conflict of what is best and what is cheapest and the Arab client usually, though not exclusively, believes that the cheapest is best.

If the consultant, on the other hand, does not agree that the work should go to the lowest tenderer then he may confront serious problems in attempting to convince his client that his advice should be heeded.

rate the latest in thinking and techniques but at the same time he is anxious to ensure that his local resources and contractors are fully utilised.

While the client may well appreciate that neither he nor his local builder has the necessary expertise to carry out work on his own, he will still expect the consultant to marshal local resources and adapt their abilities to meet the required levels of expertise.

Life for the consulting engineer is not all problems. His status is generally very high throughout the region and, whether he is providing a full service including detailed design and working drawings or merely offering a conceptual design and outlining the parameters of the project, his opinions and decisions are valued.

According to one British consultant: "If things go wrong sometimes it is usually because the system is overloaded by the abnormally high level of activity which is now going on in the region. It can also be due to a failure in communication between the client and his consultant and the consultant is probably responsible for much of the blame; he has not done his research on his client thoroughly enough and he has not made sufficient effort to make himself and his position properly understood."

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M.C.

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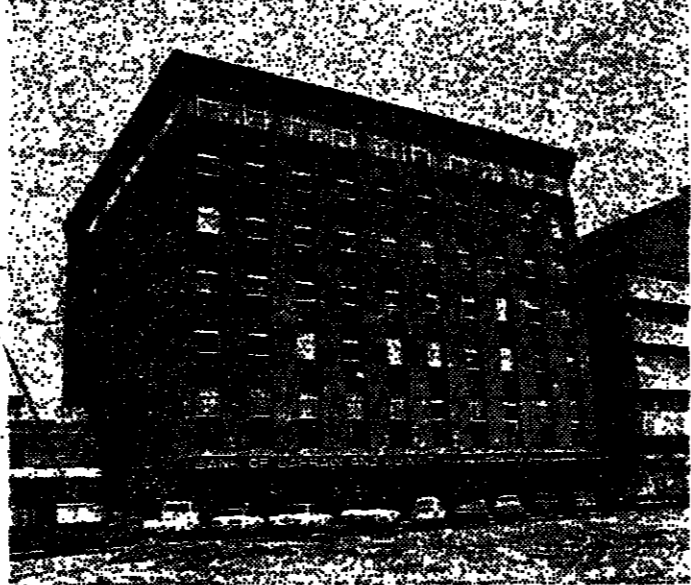
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Interest

CONTINUED FROM PREVIOUS PAGE

Credits Guarantee Department, set up to assist exporters of goods and services. ECGD insures them against the risk of not being paid, whether through the default of the buyer or other causes and also provides unconditional guarantees of 100 per cent. repayment to the banks. On this security, banks will offer finance to exporters at favourable interest rates.

The department also insures new investment abroad against risks such as war and now provides protection against at least part of the increase in U.K. costs for large capital goods contracts with long manufacturing periods. In addition, it supports performance bond requirements on major contracts and provides protection from loss caused by insolvency of a member of a consortium working abroad.

Estimates

The ECGD's business has been rising sharply and it estimates that the value of exports insured by it is now running at an annual rate of about £12bn. against a total of just over £8bn. in 1975-76. ECGD underwriters are now handling over 3,000 credit applications a week.

A major development for the construction industries was the formation two years ago of the Construction Exports Advisory Board, which draws its secretariat from both the Department of the Environment and the Department of Trade. Its terms of reference are the selection of single companies or groups of companies to pursue particular overseas construction projects and to advise Government on ways of harnessing additional resources in the industry and associated professions into the export market.

The Board's primary function will be to provide advice and recommendations to the Government on the best ways of tackling the problems which the existing structure in the con-

struction industry has been unable to resolve. There has been criticism that the establishment of the Board will have little real impact on the existing order of things but it believes that it is already making significant steps towards reducing the proliferation of sectional interests which have for so long been characteristic of the industry.

It has already established local points within the industry, towards which particular sectors can gravitate and which will, in turn, maintain liaison with the Board. To overcome the lack of co-ordination and co-operation within the industry has become one of its biggest tasks.

The role of the Board has been widely misinterpreted and it will not be actually assisting in the organisation of consortia although it could become involved in their efforts to win business when more than one group of companies is competing for a particular overseas contract. If, for example, a client nation wishes to include an element of U.K. participation in a major project and makes its wish known to the British Government, then the Board could find itself advising on the most suitable candidate for the job.

The Board is also busily looking at the overall market prospects for a better organised U.K. construction industry. It will examine not only the most lucrative markets but the most profitable areas of activity within those markets.

In addition, much of its attention will be turned on the network of commercial support and advisory services provided by the U.K.'s diplomatic corps around the world. Over 800 U.K.-based and locally engaged, full-time commercial officers are available to provide assistance and while the Board believes the level of support generally has been good it believes there is scope for further improvement.

M.C.

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MIDDLE EAST CONSTRUCTION XIII

Surveyors offer a special service

IONICALLY, one of the biggest problems encountered by British chartered surveyors in the Middle East is the specialised nature of their profession...

financing. The relative newness of the massive programme of development in the Middle East has understandably been accompanied by lack of sophistication...

they are getting the business is without question, since the number of British quantity surveyors in Saudi Arabia doubled last year and trebled in Libya.

Without doubt Iran is going to be the toughest market for quantity surveyors to crack, even though there is a growing cost-consciousness. The Iranians still do not recognise quantity surveying as an independent profession...

Offices

About 16 quantity surveying firms have established offices in the Middle East. This survey specialisation describes itself as covering the use and development of building resources...

This view is shared by Debenham Tewson and Chinnocks, who were the first of their kind in the area when they opened an office in Bahrain in 1975 and another in Dubai last year.

Extent

The RICS recently made a tour of seven Middle Eastern countries - Bahrain, Egypt, Iran, Kuwait, Qatar, Saudi Arabia and the UAE—to try and establish the extent of the market open to its members.

Broadly speaking, the RICS found ample scope for British chartered surveyors of all three disciplines in some of the countries covered, with most already established in the Gulf States as a result of historic British ties.

A senior partner says business is healthy "but there are problems ahead in those States with little oil revenue. Added to that, currency problems in the UAE are giving an added edge to competition—as they always do when dealing with large amounts of money."

Land surveyors have had the easiest time, in one sense, because theirs is the oldest of the survey specialisations. Many of them have been operating in the Middle East since long before the wealth explosion which followed the quadrupling of oil prices.

Debenham Tewson and Chinnocks were followed by Cluttons into Dubai last year, and into Bahrain this year. Jones Lang Wootton has offices in Bahrain and Cairo.

Their most serious competition comes from the South Koreans, whose Government is reported to be subsidising overseas survey work. But there is also a growth in indigenous mapping services, particularly in the more advanced of the Middle Eastern States.

Middle East development is still largely at the planning and execution stage, which theoretically leaves the field wide open for quantity surveyors. That has outlined.

Rodney Smith

Systems

CONTINUED FROM PREVIOUS PAGE

Nonetheless, British land surveyors are confident that there is still plenty of scope. Fairey Surveys, which has operated in the Middle East since the war, did the pilot project for the topographical mapping standard for Saudi Arabia, and is working on a similar operation for Bahrain. It also planned Jizan, the rebuilt Red Sea port, consulting engineers that what and has irrigation and town planning contracts throughout the rest of the Gulf.

It is not, of course, just the private client who must be persuaded and the systems supplier must convince Government ministries and departments, local and foreign contractors, private architects and consulting engineers that what he has to offer can meet their planning contracts throughout needs.

to convince the local populations themselves that the system built home can provide them with all the facilities they require, although the chances of success in this respect are considered by most to be fairly limited.

in the Middle East. Companies like H. H. Robertson, which has been supplying building components to the Middle East for over 30 years, has developed a range of products designed to withstand the most aggressive climates in the world and to cope with the problems of humidity, wind driven sand and high ultra-violet light.

Land administration is the least well known of the survey disciplines in the Middle East. There are only about 10 RICS member companies in the area, based in Cairo, Dubai, Abu Dhabi, Bahrain and Tehran. Simply described, it is the after-sales counterpart of quantity surveying. Quantity surveying deals with the construction phase; generally speaking, land administration deals with post-construction letting and management—although, like quantity surveying, it also gets involved in land and building evaluation and development.

One of the major areas for potential penetration is in housing, where serious shortages exist in many of the oil producing states. The market is basically split into two categories and both offer the opportunity of substantial business for the systems operation.

As far as housing immigrant workers is concerned, the scope remains large, although in some areas at least it is now reported that there is a surplus of the type of basic accommodation unit most readily, though possibly unfairly, associated with the systems building world.

Robertson has found a market for its products in countries like Iraq, Saudi Arabia and Dubai, offering cladding, ventilation and contracting services and helping in the construction of commercial buildings, factories, hospitals, docks and power stations.

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With the large and continuing influx of foreign workers into the country more often than not them selves engaged on some form of construction project—there is an ongoing need for accommodation of all standards. In addition to this requirement, there is also the chance

Competition in this field can therefore be expected to become even more intense and systems builders will increasingly have to turn their attention towards the provision of more sophisticated products for use in industry, commerce and the public sector.

Concession

The company concedes that one of its major problems—away from the construction camp accommodation business—is to overcome the psychological barrier which, in fairness, is not found only in the minds of Arab clients. To many people, a systems built unit means a "prefab" and it is not always easy to convince the potential client of the quality of a building manufactured elsewhere and transported to site.

With the major civil engineering projects throughout the region already reported to have reached a peak, the potential for camp accommodation business cannot be expected to maintain its present momentum for much longer, especially as the client is, in an increasing number of cases, inheriting housing units which he will wish to be used again on future contracts.

Lesser does not, of course, have the marketplace to itself and names like Terrapin, Portakabin and London Brick Buildings are all recording substantial contract successes in the region. Apart from the systems builders themselves, metal building product manufacturers have also found good markets

What is not yet clear, however, is whether the systems builders have secured a sound future for themselves in these vital sectors, or whether their current success has arisen simply because the product offers a convenient stop-gap until more traditional construction techniques can meet each country's requirements.

M.C.

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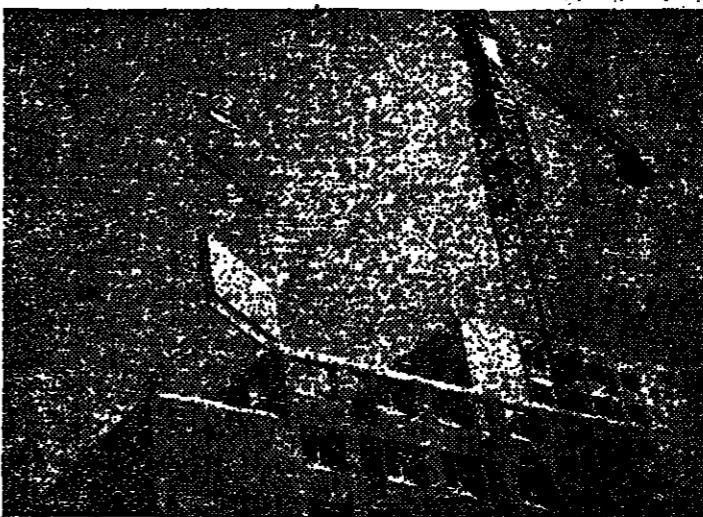
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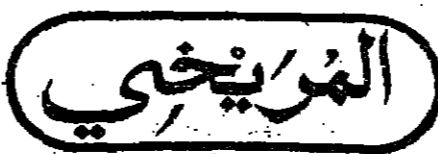
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MIDDLE EAST CONSTRUCTION XIV

Increasing demand for materials...

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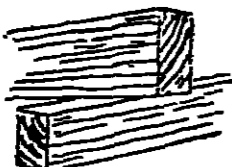
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IN SPITE OF A number of relatively minor setbacks, such as cash flow "crises" in the United Arab Emirates and Bahrain, construction activity in the Middle East is intensifying. Recent reports have indicated that as a market for construction materials the region has never been more buoyant. But the potentially big rewards involve considerable risk. Nerve and tenacity are two essential ingredients for success. The market is rapidly becoming more sophisticated, more price conscious and, above all, more competitive.

Unquestionably, because of the size of its committed construction programmes, Saudi Arabia offers the biggest opportunities. Expenditure in the forthcoming year alone is reliably estimated at between SR65bn. and SR70bn. after making allowance for inflation and a growth rate of between 10 and 15 per cent. Substantial reduction of congestion at Jeddah and Dammam has helped to reverse the price spiral of imported materials, and this in turn has been a significant factor in the successful reduction of inflation to less than 20 per cent.

Saudi Arabia now has the nucleus of a better equipped indigenous construction sector, a situation which could enable the Government to retrench and create a stable industry. But in spite of a considerable increase in local manufacture, the largest proportion of construction materials is still imported. Local manufacture has concentrated on prefabricated concrete, blockwork and tiles, fabrication of windows and doors from imported metal sections, and plastics based products.

Total materials consumption is likely to be in the region of SR25bn., of which as much as SR19bn. will be spent on imports for immediate use or for reprocessing. Allowing for the fact that the price delivered to a site in Saudi Arabia is approximately double that in the U.K. or the United States, the market is still enormous.

Trends

Certain trends in this market are worth noting. The Commercial Regulations, for example, protect the interests of an appointed agent. But contractors of all nationalities, including Saudi companies, are importing more and more direct from the manufacturer, bypassing the agent. The Government, aware that agents were adding extortionate mark-ups on prices, has turned a blind eye to the practice, presumably in an effort to force agents to reduce their profit margins.

This, coupled with faster port clearance, keen international competition and other factors, has reduced on-site costs or, at best, stabilised them. Customs duties are now nil to 3 per cent. for all construction materials, although there are certain products which attract a surcharge of 20 per cent to encourage or to protect local production or manufacture.

Another interesting development is an increasing tendency to pre-buy. Aramco, for example, has always pre-bought materials for its construction projects, stocking them at

Dammam until required by contractors. Pre-buying is motivated by financial considerations and to achieve a degree of standardisation. Bulk buying obviously reduces the cost per item and ensures immediate availability when required by the contractor.

The Saudi Arabian Ministries of Agriculture and Water, and of Municipal and Rural Affairs, who are the biggest consumers of pipes for sewage, water distribution and storm water drainage, pre-buy or at least prequalify and reserve production for plastics and asbestos cement pipes. And contractors themselves have become more efficient in their materials buying practices.

As for the exporting countries, the U.S., Japan, the U.K., SR65bn., and SR70bn. after making allowance for inflation and a growth rate of between 10 and 15 per cent. Substantial reduction of congestion at Jeddah and Dammam has helped to reverse the price spiral of imported materials, and this in turn has been a significant factor in the successful reduction of inflation to less than 20 per cent.

Another feature of Saudi Arabia's increasing sophistication is the development of the builders' merchant style of operation. Materials have always been stocked in the bazaars by local merchants, but supplies have been haphazard, unpredictable both for quality and quantity. Sensible market research, coupled with Western-style selling, is establishing a situation in which properly stocked and well managed warehouses will eventually offer goods on demand at prices that won't change between quotation and delivery.

As yet there is no local production in Kuwait of items like builders' hardware, reinforcing steel, plywoods, veneers, refractory bricks, glass, metal sanitaryware, melamine laminates, fibre board and copper tanks. Given this country's development plans for the next few years, demand for these products is likely to increase rapidly.

One of the major requirements is for housing. The field is therefore open for system built housing companies, particularly for non-Kuwaiti housing. Significantly, the National Housing Authority, which is principally concerned with housing for Kuwaiti nationals, has decided against adopting the system building because the delay factor in working up economically to full production is unacceptable, and because their standards, which include variety, are high.

Non-Kuwaiti housing is the responsibility of the Ministry of Public Works; standards in this sector are lower, though not excessively so. It is estimated that the present population of Kuwait is currently approaching 1m., will double in the next two decades. In anticipation of resultant need, a master plan has been prepared by British consultants Sir Colin Buchanan and Partners. The plan points out that, in examining the market for building materials, thought should be given to more higher technology. For example, slip

forming for high rise building is as yet unknown in Kuwait. But artificial aggregates are being considered for local manufacture, and solar heating is being discussed.

A recent United Nations estimate suggests that the overall growth rate for the United Arab Emirates will exceed 30 per cent. Recently, however, a cash flow crisis started the local construction industry and caused prices of basic construction materials to fall. Construction materials account for about 60 per cent of the goods brought in through Port Rashid, and authorities there complained that consignees were reluctant to claim all cargoes.

But this situation is likely to be short-lived. In Dubai alone the development currently being generated by the Jebel Ali project is already promising to create another construction boom.

Nevertheless, the market has become extremely price conscious—a Japanese mission recently came under heavy fire from the Government because prices of Japanese goods and services it was alleged, had reached an unacceptably high level. International competition is fierce, particularly for the construction and construction materials markets; but the U.K. is maintaining its share, helped by considerable local goodwill for Britain and its products.

Advice

It is, however, generally advisable for manufacturers to appoint resident agents for the main commercial centres—Abu Dhabi and Dubai. One vitally important point is that company representatives in the UAE ought to be given decision-making powers, preferably equipped with written authority.

In Bahrain, industry, commercial development and housing are the main elements of current construction activity. The recent upsurge in office building, much of it financed by other, richer Arab states (notably Saudi Arabia), is the most obvious response to the island's growth as a business centre.

One of the most interesting longer term markets is undoubtedly the housing sector. Notwithstanding Bahrain's relatively small population, there is an acute shortage of housing. The Ministry of Development and Industry alone is sponsoring a programme to build 2,000 units a year for the next ten years to satisfy demands for low and middle-income housing, and providing a further 8,000 units over the same period.

The requirement for housing in Bahrain, and indeed throughout the Gulf, is so acute that prefabrication, hitherto looked upon with reluctance by many states, now appears to be the most widely accepted solution. In addition, the market for "instant accommodation" for construction camps and some expatriate housing is reaching unprecedented levels throughout the whole Middle East region.

Countries like Iraq and Syria, until recently quite unsympathetic to the idea of doing much business with the West, are lately turning more towards Western Europe for construction materials.

Anthony Davis Editor, Middle East Construction

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... and equipment

PLANT AND EQUIPMENT is Heavy Machinery Co. is currently investing \$60m. to streamline its operation to meet the demands of a changing market. The vital prerequisite for success is now the provision of a more intensive and efficient after sales service. And in Saudi Arabia the emphasis has shifted from new machine sales to spare parts and servicing.

Richter quotes Zahid's operation as a prime example of this trend which is also noticeable in Dubai, where Kano's spare parts set up has for some time been computerised, and in Kuwait and Bahrain.

Plant users who once wrote off machines over as short a time as one year are now becoming more cost conscious, utilising machinery over a much longer period.

The most successful dealers of the future will therefore without doubt be those who provide parts and workshop facilities. And it follows that the more successful plant manufacturers will be those who expand their efforts towards greater utilisation and longer working life for the equipment they sell.

In order to satisfy the demanding international and large local clients, who mostly employ Western plant management, Zahid is now including in its service package, service

exchange units. The object is to take in costly assemblies like engines, transmissions and drive axles on the basis of part exchange, thus lowering cost and downtime if executed correctly. Zahid's operation, which includes substantial and expanding depots in Jeddah, Riyadh and Dammam, is the most sophisticated in Saudi Arabia, and probably in the whole Middle East Region.

Market research estimates that the total working population in Saudi Arabia of Caterpillar units alone exceeds 12,000 units of plant, including generator sets. Potentially, this could attract parts and service sales of over \$50m. per year. It is quite certain therefore that Zahid's example will be followed by others throughout the region. But it cannot be achieved without technical support from manufacturers and, initially at least, without skilled plant engineers who must be recruited largely from the West.

For the manufacturer the future will to a large extent depend on the quality of the machine, coupled with the availability of skills and spare parts in the local workshop.

It is interesting to note that Richter predicted this trend three years ago. To-day it is a marketing fact, largely because

of growing competition and the pressure over supplies, the employment of Western or Western-educated management, increasing technical sophistication among users, growing awareness among dealers that good service is good business, and an increasing readiness of dealer-financiers to provide funds for back-up facilities and to offer more attractive terms to the customer.

Anthony Davis Editor, Middle East

The real failure revealed by Grunwick

I report on the no quarrel now with his decision, for there had been no extra legal pressure, as yet. Reasonably enough, however, he persuaded Mr. Grantham that it would be better to let the processes of the law take their course, so an application was made to ACAS for recognition of the union by the company, under Section 11 of the Employment Protection Act, 1975.

Tribunal

The union also arranged for 50 of those on strike to apply to an industrial tribunal for reinstatement. Their case was dismissed on the ground that the tribunal had no jurisdiction. The application to ACAS has been bogged down in the courts for most of this year. The final appeal to the House of Lords will not be heard until the autumn. As the Scarman report comments, "the processes of the law have not yet achieved any result."

The case is being fought in the courts. The victor will be the side that wins in the courts. Meanwhile the police will keep the peace and demonstrators will not be allowed to obstruct the peaceful passage of the willing workers through to Grunwicks. It did not say that, and if one accepts the Scarman proposition that Grunwick failed to provide proper machinery for the redress of its employees' grievances, one cannot argue that it should have done so. I have spent most of the past ten weeks studying the details of this dispute, and I cannot quarrel with the verdict that the cause taken up by APEX was a just one. It was: when 137 of some 400 employees walk out, and then stay out in all kinds of weather for a year, it is difficult to argue anything about that particular company's labour relations is satisfactory.



The Grunwick court of inquiry: Mr. Pat Lowry, personnel director of British Leyland; Lord Justice Scarman, the chairman; and Mr. Terry Parry, general secretary of the Fire Brigade's Union (from left to right).

But even if the trade union movement has itself to blame for the inadequacy of the law, it remains true that in the past year inadequacies have been revealed. The need to maintain the rule of law should not exclude justice to those who went on strike.

That said, the potential damage of the decision to call the Court of Inquiry remains enormous. At the time there was some doubt about whether even this move would cool down the tempers of the people who were demonstrating on the streets. One concern was what to do if the old trick of an "inquiry" failed. It could be that the Scarman Inquiry indeed has failed, but for a different reason than was at first supposed.

If the company now inquiry was primarily to keep the peace, which is the first duty of any administration. Yet the recommendations of the Scarman court of inquiry, which has not failed to reach its destination: Put tempers will certainly flare up in its harshest form. It is, again, at redoubled intensity. That is for the future; what can be seen at this stage is head with a bottle. In short, the Scarman court of inquiry, whose report favours the strikers, was set up precisely because there was action on the streets. That action is remembered by many people for the day on which a policeman was knocked down by a flying list of two conflicting sets of bottles; the picture, seen on every TV screen and in every newspaper, nearly panicked the Government. Its motive in calling the court of inquiry was to free choice of employment;

on the other side, the freedoms to join a union, to picket peacefully, and to enjoy just and favourable conditions of work.

The English reconciliation of these rights and freedoms, says paragraph 58, has been traditionally sought through the development of voluntary collective bargaining. This process was now supported by the Trade Union and Labour Relations Act 1974 and the Employment Protection Act 1975. And the common law had always tried to keep industrial disputes out of the courts. "An inevitable consequence of the system is that where the process fails to secure agreement, industrial action is the one weapon left to resolve the dispute," says paragraph 58. "Industrial action," it goes on, "is a form of organised self-help—for example, the lock-out, the strike, 'blacking' and the picket. And there is always a risk that self-restraint may end in violence."

For these reasons, says the report, people must act reasonably within the law; in industrial disputes there must be "a modicum of self-restraint" in the pursuit of one's rights. "The British tradition of compromise is implicit in the modern English law governing industrial relations."

The paragraph may have been intended to show Grunwick why it should have sat around the table to bargain with APEX, and I have already said that on the merits of the original case my sympathy is with the union. But it is in fact a terrifying paragraph, for it is apparently written in blithe disregard of the steady disappearance of reasonableness

from the conduct of our affairs. In truth, Lord Justice Scarman knows better. In his celebrated Hamlyn Lecture, "English Law—the new Dimension," published not quite three years ago, he referred to the possibility that industrial relations might be regulated "extralegally"—that is, "in accordance with some specialised system of control isolated from the general legal system." That is what now seems to be happening. In his lecture Lord Justice Scarman suggested that there would be two likely consequences.

"First, we shall be witnessing yet another move away from a general legal system to specialised and detached systems—a trend already to be detected in current attitudes to common market law, the social security system, and the regulation of land use; secondly, there will arise a real risk of forces of great power in our society escaping from the rule of law altogether."

"Such consequences, if they ensue, would, there can be no doubt, constitute a weakening of the capacity of law to impose restraint on the exercise of power in society." For the apparently large number of people who apparently fail to understand the implication of this, Lord Justice Scarman spells it out in his lecture: "The need for control, and control according to law, will remain so long as men believe that uncontrolled power is an evil to be eradicated from civilised society." In short the failure of the strikers to achieve justice from Grunwick's may reflect a weakness in our law; the street battle and the consequent Court of Inquiry is evidence of the inadequacy of our constitution.

Letters to the Editor

st the Bank

Lloyd's article suggests that there is support for the State bank from the Society and Public Servants. Our 1,500 members in the Department for Savings see the proposal as a piece of party expediency which is in the public interest.

Cover against loss

From Mr. A. Siddons, 12, Ebrington Road, West Bromwich, West Midlands.

Sir—It is inevitable that many employers will be forced to concede excessive pay claims in the face of industrial action which, if resisted, could seriously damage them, or perhaps even result in closure. These employers need something more practical than Ministerial speeches to support them, and I suggest it could be in the form of an underwriting of the financial consequences of prolonged industrial action.

Post-industrial society

From the Director, Centre for Innovation and Productivity, Sheffield City Polytechnic

Sir—Industry is not the only wealth producer of this nation. The latest statistics show that our invisible exports exceed our exports of manufactured goods. Of course, the word industry might be taken to include banking, shipping, insurance, tourism and other marketed services. But the answer to our economic problems does not lie in trying to regenerate or shore up manufacturing industries that have passed their peak. Peter Drucker advises managers to concentrate their best resources on opportunities rather than dissipate them on problems.

Contracting-in option?

From Mr. R. Sloan

Sir—Earlier this year you were kind enough to publish my letter detailing contracting-in/out figures disclosed by Legal and General and I feel that your readers may again be interested to see the updated figures relating to quotations issued in respect of their existing pension clients during the nine months to June, 1977.

The closed shop

From Mr. R. Clarke

Sir—It is the idea to implement a closed shop which restricts industry, or effectively takes control from the management? Not so I think. The closed shop is a fair method of keeping discipline on the shop floor, and strengthening the bargaining position of that body.

Everyman's computer

From the chairman, Roff's Printing

Sir—The article entitled "The End of an Era" on the Technical Page of August 24 could be confusing—on the contrary, it is the beginning of an era.

Excess wages tax

From Mr. A. Scott

"Sir—I think it is utterly useless telling some of these beefy unions that they must not make huge claims, backed up by various sanctions at the expense of the rest of the community in pursuit of them. Attrition will be more effective."

Commercial Products, Consumer Products again at record highs

The Commercial Products and Consumer Products Groups continued to set new records. Their combined pre-tax income was \$52 million, with sales reaching an all-time high of \$508 million, up 10%.

Financial Services well ahead of 1976

Another strong performer was our Financial Services Group, with pre-tax income 87.2% ahead of the first half of 1976.

IC Industries earnings per share up 50% for record first six months

IC INDUSTRIES CONSOLIDATED STATEMENT OF INCOME For the quarter and six months ended June 30, 1977 compared with the same periods for 1976 (Dollars in thousands except per common share amounts)

	Quarter Ended June 30,			Six Months Ended June 30,		
	1977	1976	% Change	1977	1976	% Change
Sales and Revenues	\$482,338	\$437,057	10.4	\$903,329	\$819,101	10.3
Income before Taxes	36,560	25,778	41.8	59,628	42,316	40.9
Taxes on Income	13,117	9,411	39.4	21,883	15,720	39.2
Net Income	23,443	16,367	43.2	37,745	26,596	41.9
Net Income per Common Share	\$1.43	\$0.98	45.9	\$2.24	\$1.49	50.3

Record sales. Record net income. Record net income per common share. That's the kind of six months it's been at IC Industries.

Net income was \$37.7 million; a 41.9% jump over 1976. That's \$2.24 per common share, an increase of 50.3% over last year. Sales and revenues of \$903 million were 10% ahead for the six months.

Transportation enjoys profitable turnaround

A significant factor in this performance was the strong turnaround of the Transportation Group, which earned \$6.6 million pre-tax, compared with a pre-tax loss of \$9.3 million in the same period of 1976.

ICG Railroad's favorable traffic mix and cost controls were decisive in the solidly based turnaround. Major increases were seen in corn and grain, intermodal and in most categories of chemicals. Our railroad net income after tax, including real estate revenues, was more than double that of 1976.

What's New at IC Industries?

Stanray Corporation was acquired in April of 1977 and contributed to the Commercial Products Group's performance. Stanray is a major manufacturer of components for railroad cars, hydraulics and a leading manufacturer of aviation passenger loading bridges. Abex Corporation reported sales increases in its automotive, hydraulics and railroad products.

Midas-International, in the Consumer Products Group, opened an additional 58 automotive service shops in the first six months, bringing the total to 961 worldwide. To offset any possible negative impact on recreational vehicle sales from U.S. energy legislation, Midas has diversified into over-the-road trailers, delivery vans and van conversions.

If you'd like to know more about our company, and any of our five business groups, write: IC Industries, Stockerstrasse 38, 8002 Zurich, Switzerland.

To-day's Events

- Dr. David Owen, Foreign Secretary, continues round of talks in Southern Africa on Anglo-U.S. proposals for Rhodesian settlement.
- Executive of Association of Professional, Executive, Clerical and Computer Staff (APEX) meets to consider possible motion at forthcoming TUC Congress if no settlement is made in Grunwick dispute on basis of Scarman Report.
- Mr. Graham Barton, a former British Leyland employee, and Mrs. Barton appear after remand on forestry charges relating to "slush fund" letter, Bow Street Magistrates' Court.
- Mrs. Edward Taylor, Shadow Secretary of State for Scotland, Palace (all year).
- addresses Lanark Conservative Association, Biggar, Lanarkshire. Windscale public inquiry resumes, Whitehaven.
- Edinburgh International Festival (until September 10).
- COMPANY RESULT: Labrore Group (half-year).
- COMPANY MEETINGS: See Week's Financial Diary on page 8.
- EXHIBITIONS: Silver Jubilee Exhibition, showing story of the Royal Collection from Henry VIII to Elizabeth II, The Queen's Gallery, Buckingham Palace (all year).
- Royal Portraiture in Photography, National Portrait Gallery, St. Martin's Place, W.C.2 (until October 2).
- Jubilee Masterpieces, Victoria and Albert Museum, South Kensington, S.W.7 (until December).
- Fabergé Exhibition, including jewels from the Royal Collection, Victoria and Albert Museum, South Kensington, S.W.7 (until September 25).
- National Postal Museum, King Edward Street, E.C.4. Open to public: 10 a.m.-4.30 p.m. Monday to Friday.
- OPERA: English National Opera production of La Vie Parisienne, Coliseum Theatre, W.C.2, 7.30 p.m.
- BALLET: London Festival Ballet dance Les Sylphides, Night Shadow, and Prince Igor, Royal Festival Hall, S.E.1, 7.30 p.m.
- Silver Jubilee programme of ballet by Sadler's Wells Company, Cambridge Guildhall (until September 3).
- SPORT: Cricket: Fifth Test, England v Australia, the Oval, S.E.11. Golf: British women's open championship, Llandrick. Tennis: Green Shield junior hardcourt championships of Great Britain, Wimbledon.

IC Industries

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IC Industries
Diversified in five business groups: Commercial Products, Consumer Products, Real Estate, Financial Services and Transportation.

ing dividends able

enience of readers the dates when some of the company dividend statements may be expected in...

Table with columns: Announcement, Date, and Dividend. Lists various companies and their dividend dates.

Works Loan Board rates

Table showing loan rates for different terms and interest rates.

IT ISSUES

EQUITIES

Table of stock prices and changes for various equities.

FIXED INTEREST STOCKS

Table of fixed interest stock prices and yields.

"RIGHTS" OFFERS

Table of rights and offers for various companies.

BASE LENDING RATES

Table of base lending rates for various banks and institutions.

APPOINTMENTS

British-American Tobacco

Mr. R. J. Pritchard has been appointed a director of BRITISH AMERICAN TOBACCO Co. from subsidiary of...

HOME CONTRACTS

£2.5m. sewage work for William Press

WILLIAM PRESS AND SON has received a contract worth £2.5m. for the utilisation of liquid digested sewage sludge from the Metropolitan Public Health Director...

Money and Exchanges

Bank of England Minimum Lending Rate 7 per cent. Conditions remained tight on Thursday and the authorities...

Table of Sterling Certificate of Deposits and other financial data.

FOREIGN EXCHANGES

Table of foreign exchange rates for various currencies.

OTHER MARKETS

Table of other market data including gold and silver prices.

EURO-CURRENCY INTEREST RATES

Table of Euro-currency interest rates for various banks.

TELEBOOK

Will Anglo be forced to give up at Blue Spec?

IS IT CURTAINS for Blue Spec? This gold-antimony mine in Western Australia's Pilbara certainly marks a sad debut...

INSURANCE

Unfair Contract Terms Bill will have indirect effects

WITH PARLIAMENT in recess until late October, one of the pieces of legislation waiting for the finishing touches before it moves off the production line is the Unfair Contract Terms Bill...

COMPANY NOTICES

This present notice is published as a reminder of the notice published in The Times on 19.8.77. SOCIETE CIVILE DES PROPRIETAIRES D'OBSESSIONS...

CONVENING NOTICE

The General Meeting of the FF 5,000 - 5% convertible bonds due 1987, representing the FF 100 million issue which was launched outside France by COMPAGNIE GERVAIS DANONE...

Will Anglo be forced to give up at Blue Spec?

gold price speculation in the shares. Only recently has the suspension been lifted. On Friday the London copper premium price was 2p to 5p compared with 34p in March...

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Bending capacity is required, the larger fabrications requiring a Press Brake of up to 500 Tonnes. Also, painting facilities are essential and shotblasting capacity would be useful.

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Please contact: Mr. C. H. Plumb, Supplies Department, Downy Mining Equipment Limited, Ashchurch, Nr. Tewkesbury, Gloucestershire.



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WANTED. Small to Medium sized Electrical Contractor. Write to: Box G 678, Financial Times, 10, Cannon Street, EC4A 4BY.

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THEATRES
QUEEN'S THEATRE, 01-240 3258. THE OLD COUNTRY, 01-240 3258. RAYMOND BUSHNELL, 01-240 3258. THE FAYETTE, 01-240 3258. THE FAYETTE, 01-240 3258.

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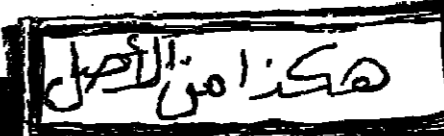
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J.S. dollar sector ahead

BY MARY CAMPBELL

As the U.S. market moves to a longer paper of longer maturity can particularly be seen in the last ten days of the longer-term tranche reason for this is the Australian issue from the interest rates are \$100m. to \$150m. They base this evidence that the rate is falling Department for public holiday widely expected and consecutive U.S. money market more or less in the most week, having circumstances the is not expected to be any further being.

The decision to levels in bonds short-term bank expect a heavy as investment from holiday hand, the new has picked right here is now more than at any time

ect so far of the rates has been to on paper whether son is due to the borrower or sturity. The shift

the size of the issue and partially to the fact that the relatively high conversion premium is to be added to a share price close to its historical peak; the underlying equity price of 407 compares with a high of 418p. Since conversion rights cannot be exercised until next May so that even if the present bull market continues for some time and does push the price up above 460p, investors are unlikely to be able to capitalise on it.

Finally there was the size of the issue. One convertible bond dealer summarised the position by saying that the terms were right but the issue was too big—there was just too much paper to be absorbed, at any rate immediately.

The situation in the D-mark foreign bond market is currently dominated by domestic interest rate considerations more than by any other factor. With the domestic bond issues currently being issued at 6 per cent and plenty of liquidity around, German investors are turning particularly to the high coupon foreign bond issues being arranged for borrowers such as Brazil and Mexico.

The Capital Markets Sub-Committee meeting yesterday appeared to have approved a proposal of DM900m. worth of foreign bonds in September (excluding issues by international institutions). The issue for the Austrian Girozentrale has reportedly been postponed.

BONDTRADE INDEX				
	August 29	August 26	August 19	July 29
Medium term	102.78	102.77	102.76	102.90
Long term	96.15	96.13	96.10	96.24
Convertible	110.03	110.58	110.78	110.87

EUROBOND TURNOVER (Nominal value \$m.)				
	U.S. \$ Bonds		Other Bonds	
	Last week	Previous week	Last week	Previous week
Codel	430.3	314.8	170.6	173.8
Euroclear	975.6	1,002.4	339.9	181.2

Anti-trust move urged on Congress

Mr. Bell, the United States General, has indicated any disaffection with the way the case has been conducted but wanted to suggest that some anti-trust cases may be too big and complex for the court system to handle within a reasonable time.

The department's suit, filed in November, 1974, seeks to force AT and T to divest itself of Western Electric Company, which is its manufacturing unit, and all or part of its Long Lines Division which handled long-distance calls.

Mr. Bell is quoted as asking whether, if Western Electric was spun off, where the telephone company's a whale now, would it set up as three sharks or two sharks?

"Who's going to make that judgment? My argument is that Congress can make it just as well as the courts and may be better in something like that."

U.S. Steel to cut 1,000 jobs

U.S. Steel Corporation, between 10 and 20 per cent. by the end of the year. This could affect up to 1,000 white-collar workers at five plants in the Chicago area, which employs a total of 35,000 hourly-paid and salaried workers.

Meanwhile U.S. Steel's vice-president of operations, Edward Smith, resigned at the week-end that the company's South Works in Chicago is "in danger" of closure. More than 6,500 people work at the 97-year-old plant, which produces plate and structural steel products.

Most of America's steelmakers are slimming down and retrenching in the face of their current market difficulties. Bethlehem Steel recently announced cuts of more than 7,000 jobs at two plants and an overall reduction in output of some 10 per cent.

Reigners increase stake in Japan

Foreign shareholdings in Japanese companies have increased by 100 per cent since the end of 1976. The trend has continued in 1977, with the percentage of foreign shareholdings in Japanese companies rising to 25 per cent. in 1977, from 15 per cent. in 1976.

The Ministry of International Trade and Industry (MITI) has announced that the trend has continued in 1977, with the percentage of foreign shareholdings in Japanese companies rising to 25 per cent. in 1977, from 15 per cent. in 1976.

Toyota profit tops record

Toyota Motor Company today announced a 111.7bn yen (\$443m.) profit for 1976, a record for any Japanese firm, reports Reuters.

The previous record of 99.9bn yen (\$375m.) was also established by Toyota in 1975. It hoped to maintain this year's profit at the 1976 level, despite the year's appreciation and protectionism in some markets.

Exports in 1976 increased by 22 per cent. following good sales in the U.S. and Saudi Arabia. The most but domestic sales fell 3.5 per cent. it said.

Jardine Secs. lifts payment

JARDINE SECURITIES (subsidiary of Jardine, Matheson) has declared a final dividend of 30 cents (26) for the year ended June 30, making a total of 45 cents (35) on capital increased by one for ten bonus issue last year, reports Reuters from Hong Kong.

The Board said it plans a further one for ten bonus issue. Net revenue totalled \$HK42.3m. (\$HK28.1m.). Net asset value \$HK305m. (\$HK771m.), equivalent to \$HK90 per share (\$210.12).

The company said it expects the total dividend of 45 cents to be at least maintained in the current financial year on the increased capital.

Daiwa Seiko Europe issue

JAPAN AND the world's top manufacturer of fishing equipment, Daiwa Seiko, plans to issue Continental depositary receipts worth \$9m. this November, reports Yokohama Shimbun, Japan's Ministry of Finance is understood to have approved Daiwa Seiko's stock offering in the European capital market, the first for the company—which has a major subsidiary in Britain.

The stock is to be listed in Luxembourg and will be offered for public subscription at market value. The company has been expanding overseas production and sales outlets, with plants in Taiwan and South Korea, and through its sales unit, Daiwa Corporation in the U.S.

The company recently set up a fishing equipment manufacturing joint venture with Grampian Holdings in the U.K. and will start production this December.

Daiwa Securities (no relation) is understood to be the main underwriter for the CDRI issue. Already, Daiwa Seiko has a relatively high foreign share holding compared with most Japanese companies and is expected to boost substantially its foreign share-ownership from the present 13.1 per cent.

Daiwa Seiko's net profit for the fiscal year to July 1977, reached a record ¥900m. (¥376m. in July 1976) on record sales of ¥19.5bn. (¥15.63bn. in 1976).

Windsor raises final dividend

WINDSOR Industrial Corporation is to pay a final dividend of 16c (against 15c), making a total of 26c (23) for the year ended March 31, on capital increased by 10 per cent. on the recent takeover of Hiltwin Enterprises, reports Reuters from Hong Kong.

Consolidated net profit was \$HK38.8m. (\$HK49.3m.) before extraordinary items, and \$HK54.6m. (\$HK66m.) after extraordinary items.

Subject to unforeseen circumstances, Windsor intends the interim dividend for the current year shall not be below last year's 9c.

CURRENT EUROBOND ISSUES									
Borrowers	Amount (m.)	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %		
U.S. DOLLARS									
Govtverken (Sweden)	40	1982	Bullet	7 1/2	100	Bank of America	7.82		
Govtverken (Sweden)	40	1987	Bullet	7 1/2	99 1/2	Intnl. Orion	8.20		
Govtverken (Sweden)	100	1997	Bullet	8	100	S.G. Warburg	6.75		
CANADIAN DOLLARS									
Canadian Acceptance Corp. (CIT Int'l.)	35	1982	Bullet	9 1/2	100	Dillon Read, Kuhn Loeb	9.37		
Quebec Urban Community	15	1984	Bullet	9 1/2	100	European Banking			
D-MARKS									
Pyren Autobahn (g'teed Austria)	50	1989	Bullet	6 1/2	100 1/2	WestLB	6.22		
Pyren Autobahn (g'teed Austria)	150	1992	Bullet	7	100	WestLB	7.00		
Pyren Autobahn (g'teed Austria)	100	1987	Bullet	8	100	Dresdner	6.00		
Pyren Autobahn (g'teed Austria)	100	1985	Bullet	6 1/2	100	Deutsche	6.75		
Pyren Autobahn (g'teed Austria)	60	1987	Bullet	5 1/2	100	Deutsche	5.75		
GUILDERS									
Austria	75	1992	Bullet	7 1/2	99 1/2	ABN, AmRo	7.87		
SWISS FRANCS									
Oesterreichische Kontrollbank	80	1992	Bullet	5 1/2	99	Crédit Suisse	5.35		
Quebec Hydro	100	1992	Bullet	5	100	Swiss Bank Corp.	5.00		
Forstums Kraftgrupp (g'teed Sweden)	700	1992	Bullet	5	100	Swiss Bank Corp.	5.05		

Corco gets breather from bankruptcy

COMMONWEALTH Oil Refining Company (Corco) will avoid a threatened bankruptcy this week, at least according to Gary Davis, president and acting chairman of the financially troubled oil concern, reports AFP-DJ from New York.

In an interview following a four-hour meeting of the company's Board on Friday, when eight directors resigned and chairman Norman C. Keith stepped down, Mr. Davis said he believed the company would be able to survive beyond the previously announced Thursday deadline for repayment of the company's "entire indebtedness" of about \$275m. to banks and other lenders. Default on that payment, which the company had denied likely without an extension from creditors, would probably have required Commonwealth to seek judicial protection in a proceeding under the bankruptcy laws, the company had said.

Now, however, everybody concerned has agreed to an extension of some kind," Davis said.

A grace period from creditors became essential after the Justice Department's anti-trust division's recent request for a 30-day delay of any transaction between Ashland Oil and Commonwealth. Ashland, which had rescued Commonwealth from the brink of bankruptcy last May with a six-month oil supply agreement, had said that by September 1, it would decide whether to proceed with a proposed \$50m. purchase of new Commonwealth convertible preferred stock.

Adriaan Volker to list shares

ROYAL ADRIAAN VOLKER, one of the large Dutch dredging and construction companies, is planning to have its shares listed at the Amsterdam stock exchange sometime next year. No further details about the plans were given.

It is understood that the principal reason for the family-owned, Rotterdam-based company to go public is the wish of some of the group of shareholders to obtain cash for their shares, as they were not able to sell the shares privately.

Group turnover, based on production excluding VAT, amounted to Fl.983m. in 1976, which was 32 per cent. up on the previous year.

Ministry vetoes bid for Mixte

THE LATEST share bid by Ste. Navale des Chargeurs Delmas-Vieljeux for Cie de Navigation Mixte has been vetoed by the Finance Ministry, Delmas-Vieljeux told Reuters in Paris yesterday.

Last Wednesday a plan to offer Frs250 cash for 309,000 Mixte shares and the same amount for 174,850 new shares created by the bank's takeover of Le Monde SA was put forward by Delmas-Vieljeux.

But the plan, approved by the Bourse authorities, has been rejected by the Finance Ministry which has requested Delmas-Vieljeux instead to bid Frs.140 cash for each of the new shares, without making an offer for the old shares.

Swissair expects good year

BUSINESS of Swissair, the Zurich-based airline, in the first half of 1977 was above expectations, with gross profit 7 per cent. higher than for the same period of last year. Even if the upswing slows down, Swissair expects "good results" for 1977 as a whole.

Volvo seeks new suitor

THE MOST likely outcome of the breakdown of merger talks between the two Swedish companies Volvo and Saab-Scania is that Saab-Scania will go alone while Volvo will look for a new partner, reports AFP-DJ from within the European car industry.

Saab has been producing 100,000 cars annually lately compared with Volvo's output of 400,000. But the future holds little comfort for Volvo in its present form and with its present range of models.

Not even the probable 10 per cent. devaluation of the Swedish krona now that it is to be allowed to float freely can do much to improve the company's fortunes. Volvo imports nearly 50 per cent. of its automobile components and will not, therefore, enjoy to the full the increased competitiveness in foreign markets of a cheaper krona.

Volvo has a range of sturdy but dated conventionally-styled cars to which has been added within the last year a small "luxury" car, the 945, which was designed to widen the company's range and provide its dealers with a competitive product in the under-1500 cc range.

The 945 has been greeted by European motoring writers as an exciting model in spite of its Volvo pedigree. The car is made at the former DAF works in Holland acquired by Volvo and is fitted with a Renault engine matched to the DAF infinitely variable transmission based upon cones and rubber belts. After early teething troubles the car is reported to be selling well in Sweden but

Australian News: Boral profit up 42%

BORAL, national building materials and quarrying group, has declared a one-for-five scrip issue following a solid 42 per cent. increase in profit for 1976-77, reports Reuters from Sydney.

The gain continues on from the half year when earnings were up by a similar margin.

Directors attribute the improvement to increased efficiency and cost controls. With the exception of New South Wales, trading results were generally "very satisfactory," in a strongly competitive market.

Boral was well placed to participate in an upturn in the building industry should demand improve. "At this early stage the current year has opened well and the results of the full year are expected to be satisfactory."

Dividend is held at 12.5 cents a share, with a final 6.25 cents. Shares from the scrip issue will receive the final payout.

The higher profit was achieved on an 11.6 per cent. increase in sales to \$A252m. The result lifted earnings per share from 18.8 cents to 26.7 cents.

The pre-mixed concrete division experienced depressed trading conditions with a further decline in the market in NSW and a stable market in Victoria and South Australia. The clay products division had a very satisfactory year while the gas marketing division increased sales which

Repro scrip after rise

REPRO, Australia's largest car parts and accessories group, has declared a one for eight scrip issue after boosting earnings 24 per cent. to a record \$A18m. in 1976-77, reports our Sydney correspondent.

The result indicates a sharp slowdown in the second half. In the first six months, when there was a marked increase in demand for new cars, the profit rose 41 per cent. to \$A5.6m. In the second half the advance was only 9 per cent. to \$A8.4m.

Demand fell in the second half while profits were also hit by pricing restrictions imposed by the Prices Justification Tribunal during its inquiry into selling prices of spare parts.

The government's three month price freeze was another factor while cost increases since December had been substantial.

Total sales rose 15 per cent. from \$A277m. to \$A295m. of overseas activities

Overseas push for Rocla

CONCRETE PIPE group, Rocla Industries, more than doubled earnings to \$A2m. in 1976-77, largely because of strong growth from its Canadian operations. A major turnaround was achieved in the Canadian results, which last year held earnings back. This year achieved despite a somewhat depressed economy and reports our Sydney correspondent.

But, Rocla's U.K. subsidiary incurred a slight loss following a 20 per cent. drop in new pipe work because of the British Government's spending cuts, in water supply, sewerage and road construction.

Australian operations continued at a reasonable rate although some centres were under-used. The local operations are not expected to improve greatly in the current year.

Siam Kraft fights court order

ONE OF the American Export-Import Bank's major interests in Thailand, the Siam Kraft Paper group, was threatened with imminent bankruptcy over the weekend following a court order to confiscate all its properties for failing to provide bank guarantees for a \$2.2m. customs fine.

Ex-Im Bank had already warned Thai Prime Minister Tanit Kradvittien that future credits to Thailand would be in jeopardy if Siam Kraft was allowed to go under as the result of a surprise decision by the supreme court earlier this month

Rey plea on Bally rejected

ZURICH, August 29. THE SWISS Federal Ministry of Justice has rejected an objection by Werner K. Rey, controlling shareholder of C.F. Bally A.G., to a ministry ruling that the Bally shoe company and individual subsidiaries in Switzerland must supply details of their real estate holdings.

The information had been requested by the authorities last month in connection with Swiss regulations governing the purchase of property in the country by persons resident abroad. Until early this year, Mr. Rey, who is Swiss, had lived in London. Should one-half or more of Bally's Swiss assets prove to be held in the form of real estate, the company would count as a real estate company within the meaning of the so-called "Furgler Law," named after Switzerland's Justice Minister, and current President Kurt Furgler.

Mr. Rey has until this week to lodge an appeal with the Federal court in Lausanne. The court is already dealing with an appeal by Mr. Rey against the withdrawal by the Federal Banking Commission of the concession of Overseas Development Bank, Geneva.

UAE moves to reopen two banks

DARAB EMIRATES and has decided to cease of the Janata Bank to conduct commercial banking in the country. The development in the Arab Bank in the city of Ajman, the suspensions, following upon each other, a considerable nervousness in the banking system has to a local commercial community in the UAE public at reports indicated that the bank required the UAE to take over. The bank is heavily in the pro-

erty development sector, as had instituted various measures to restrict credit, and designed to bring down the level of inflation in the country. Foreign banks were called on to bring in capital balances and maintain certain liquidity and capital ratios. The uncertainty in the community led to withdrawals from newer banks in the country, and a general tightening of credit, particularly for new businesses.

Efforts are also being made towards the reopening of the Ajman Arab Bank, say sources as local UAE Arabs, to get the bank started again. In the meantime, the staff of the bank are being kept on.

the public's money led to considerable controversy, as well as the resignation of the UAE Currency Board. Managing Director, Mr. Ronald Scott-Reports now indicate that some Governmental support may be forthcoming, as well as some backing from the bank's founders, which comprise the family of Ajman, UAE citizens, and the W.F.C. Group Inc. of Miami. Some consideration is being given to the raising of money from the UAE, as well as local UAE Arabs, to get the bank started again. In the meantime, the staff of the bank are being kept on.

Swissair expects good year

BUSINESS of Swissair, the Zurich-based airline, in the first half of 1977 was above expectations, with gross profit 7 per cent. higher than for the same period of last year. Even if the upswing slows down, Swissair expects "good results" for 1977 as a whole.

AUTHORIZED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorized Unit Trusts listing various funds such as Brown Shipley & Co. Ltd., Guardian Royal Ex. Unit Mgrs. Ltd., and others with their respective details and prices.

Table of Offshore and Overseas Funds listing various international investment funds such as Fidelity Mutual & Res. (Sds) Ltd., Kemp-Gee Management Jersey Ltd., and others.

Table of Financial Times Stock Indices showing data for various indices like the All-Share Index, Industrial Index, and others.

INSURANCE, PROPERTY, BONDS

Table of Insurance, Property, and Bonds listing various insurance companies and their products, including Abbey Life Assurance Co. Ltd., Equity & Law Life Ass. Co. Ltd., and others.

FINANCIAL TIMES STOCK INDICES

Table of Financial Times Stock Indices with columns for index name, current value, and percentage change.

GHS AND LOWS

Table of GHS and Lows showing data for various categories like High, Low, and other metrics.

S.E. ACTIVITY

Table of S.E. Activity showing data for various sectors and their performance.

T-ACTUARIES INDICES

Table of T-Actuaries Indices showing data for various actuarial indices.

SINGAPORE

Table of Singapore market data listing various stocks and their prices.

Advertisement for CLIVE INVESTMENTS LIMITED, featuring a table of investment products like Clive Fixed Interest Capital and Clive Fixed Interest Income.

Advertisement for INSURANCE BASE RATES, listing rates for various insurance products.

FT SHARE INFORMATION SERVICE

Exporting is easier with NO LANGUAGE PROBLEMS. Interested? Talk to INTERNATIONAL FACTORS LIMITED.

CANADIANS

Table of Canadian stocks including F.M.A.N., F.M.A.N., F.M.A.N., etc. with columns for Stock, Price, and Div. Yield.

BUILDING INDUSTRY - Continued

Table of building industry stocks including Anglo-Canadian, Anglo-Canadian, Anglo-Canadian, etc. with columns for Stock, Price, and Div. Yield.

DRAPERY AND STORES - Continued

Table of drapery and stores stocks including Anglo-Canadian, Anglo-Canadian, Anglo-Canadian, etc. with columns for Stock, Price, and Div. Yield.

ENGINEERING - Continued

Table of engineering stocks including Anglo-Canadian, Anglo-Canadian, Anglo-Canadian, etc. with columns for Stock, Price, and Div. Yield.

BRITISH FUNDS

Table of British funds including "Starts" (Lives up to Five Years), "Five to Fifteen Years", "Over Fifteen Years".

BANKS AND HIRE PURCHASE

Table of banks and hire purchase stocks including Anglo-Canadian, Anglo-Canadian, Anglo-Canadian, etc. with columns for Stock, Price, and Div. Yield.

ELECTRICAL AND RADIO

Table of electrical and radio stocks including Anglo-Canadian, Anglo-Canadian, Anglo-Canadian, etc. with columns for Stock, Price, and Div. Yield.

CHEMICALS, PLASTICS

Table of chemicals and plastics stocks including Anglo-Canadian, Anglo-Canadian, Anglo-Canadian, etc. with columns for Stock, Price, and Div. Yield.

INTERNATIONAL BANK

Table of international bank stocks including Anglo-Canadian, Anglo-Canadian, Anglo-Canadian, etc. with columns for Stock, Price, and Div. Yield.

CORPORATION BONDS

Table of corporation bonds including Anglo-Canadian, Anglo-Canadian, Anglo-Canadian, etc. with columns for Stock, Price, and Div. Yield.

COMMONWEALTH & AFRICAN BONDS

Table of commonwealth and African bonds including Anglo-Canadian, Anglo-Canadian, Anglo-Canadian, etc. with columns for Stock, Price, and Div. Yield.

BEERS, WINES AND SPIRITS

Table of beers, wines and spirits stocks including Anglo-Canadian, Anglo-Canadian, Anglo-Canadian, etc. with columns for Stock, Price, and Div. Yield.

LOANS (Miscellaneous)

Table of loans including Anglo-Canadian, Anglo-Canadian, Anglo-Canadian, etc. with columns for Stock, Price, and Div. Yield.

FOREIGN BONDS & RAILS

Table of foreign bonds and rails including Anglo-Canadian, Anglo-Canadian, Anglo-Canadian, etc. with columns for Stock, Price, and Div. Yield.

CINEMAS, THEATRES AND TV

Table of cinemas, theatres and TV stocks including Anglo-Canadian, Anglo-Canadian, Anglo-Canadian, etc. with columns for Stock, Price, and Div. Yield.

ENGINEERING, MACHINE TOOLS

Table of engineering and machine tools stocks including Anglo-Canadian, Anglo-Canadian, Anglo-Canadian, etc. with columns for Stock, Price, and Div. Yield.

AMERICANS

Table of American stocks including Anglo-Canadian, Anglo-Canadian, Anglo-Canadian, etc. with columns for Stock, Price, and Div. Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building industry, timber and roads stocks including Anglo-Canadian, Anglo-Canadian, Anglo-Canadian, etc. with columns for Stock, Price, and Div. Yield.

DRAPERY AND STORES

Table of drapery and stores stocks including Anglo-Canadian, Anglo-Canadian, Anglo-Canadian, etc. with columns for Stock, Price, and Div. Yield.

ENGINEERING - Continued

Table of engineering stocks including Anglo-Canadian, Anglo-Canadian, Anglo-Canadian, etc. with columns for Stock, Price, and Div. Yield.

Large table on the right side of the page containing various financial data, including interest rates, exchange rates, and other market information.

Conversion factor 0.8946 (0.8957)

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ROTOR, AIRCRAFT TRADES

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

Commercial Vehicle

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

Components

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

Garages and Distributors

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

SHIPPING

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

SHOES AND LEATHER

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

SOUTH AFRICANS

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

TEXTILES

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

PAPER, PRINTING, ADVERTISING

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PROPERTY

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INSURANCE

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PROPERTY - Continued

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SETPBUILDERS, REPAIRERS

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TRUSTS - Continued

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TRUSTS - Continued

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YASUDA TRUST AND BANKING logo and address.

MINES - Continued

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

CENTRAL AFRICAN

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

AUSTRALIAN

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

TINS

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

COPPER

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

MISCELLANEOUS

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

NOTES

Notes section containing financial commentary and market analysis.

TEAS

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

India and Bangladesh

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

Sri Lanka

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

Africa

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

MINES

CENTRAL RAND

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

EASTERN RAND

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

FAR WEST RAND

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

O.F.S.

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

FINANCE

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

DIAMOND AND PLATINUM

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

REGIONAL MARKETS

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

OPTIONS

3-month Call rates

Table with columns: Motor and Cycles, Price, Last, Bid, Offer, etc.

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Leyland men resist scheme for Land-Rover expansion

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LEYLAND CARS' £250m. plan to double output of the successful Land-Rover and Range-Rover models has already run into trouble.

The State-owned concern, which has stressed that the scheme must be formulated jointly by management and unions within the framework of worker participation, has met opposition from two of the three plants concerned with the ambitious project.

The Triumph factory at Canley and the Rover plant at Solihull have not only raised objections to the details of the plan but refused to have anything to do with worker participation.

Efforts are being made to win the support of the trade unions as the Land-Rover and Range-Rover expansion plan is considered crucial to the future viability of Leyland.

While the company expects substantial profits from the £250m. Mini replacement pro-

ject, the four-wheel-drive vehicles are seen as the real money spinner.

Leyland is conscious that the expansion plan must move ahead quickly and efficiently if the company is to retain and increase its 15 per cent. share of the world market for these vehicles.

The company has made it clear to the workforce that support for the project will not be forthcoming either from the main British Leyland Board or the National Enterprise Board unless the trade unions give a prior commitment.

Adamant

Under the project, Leyland will be able to make 154,000 vehicles a year—double the present capacity. But many men would have to transfer jobs, particularly at Canley.

Production of the Triumph Dolomite is scheduled to be transferred to Solihull next

August. This would free space for investment in facilities to manufacture a new Land-Rover gearbox.

The Triumph stewards insist such a move will cause a net loss of about 1,500 jobs and are adamant that they will not let the Dolomite go.

Shop stewards at Solihull, the Rover assembly plant, are offering support for this position. They are conscious that the small car would be put on a production line which is now used for the Rover 3500 and would mean the introduction of another night shift—something to which they are opposed because of the unusual hours involved.

Leyland appears determined to take a strong line in insisting that the expansion programme should gain the full backing of the workforce through worker participation arrangements.

The company is proposing the formation of a 16-man working party divided equally between

trade unions and management to formulate the details of the programme.

Four representatives would be drawn from the cars council, the top tier worker participation body, and four from each of the three plants affected. The only manual workers to give support so far are in the Rover engine and transmission section—which has been in participation since its inception.

Numbers laid off at Leyland Cars as a result of the nine-week strike by tool workers at Lucas, the components supplier, more than doubled yesterday to nearly 10,000. Production of four models—the Spitfire, Princess, MG, and Marina—has been halted.

All Leyland models are extremely vulnerable to components shortages now. The Lucas dispute is expected to have a rapid effect on production by Britain's motor industry in the next week.

SDLP to debate new 'Irish' solution

BY GILES HERRITT

THE DAMAGING split that has developed inside Northern Ireland's mainly Roman Catholic Social Democratic and Labour Party is to be discussed at two special Party meetings this week.

Both will take place at Dungannon, Co. Tyrone, on Wednesday evening.

The first will examine calls for the expulsion from the SDLP of Mr. Paddy Devlin, who last week resigned his senior post inside the Party to pursue an "Irish dimension" solution for Ulster, involving Dublin in any future settlement.

The second meeting will decide whether or not the SDLP executive ratifies the controversial new policy.

The significance of Mr. Devlin's decision to quit the SDLP hierarchy has been reinforced by Mr. Ivan Cooper's announcement over the weekend that he supports Mr. Devlin's stand. Both Mr. Devlin and Mr. Cooper were Ministers in the short-lived 1974 power-sharing Executive.

SDLP spokesmen have denied there is a serious split, pointing to Mr. Devlin's reputation as a "maverick." But it appears a policy clash is inevitable with the departure of the former Minister in the Executive opposing the "Irish dimension" line.

Refusals

Widespread dissatisfaction inside the SDLP, particularly over the British Government's acceptance of loyalist refusals to discuss power-sharing, is known to have provoked the move towards the more nationalistic emphasis of an Irish dimension.

The shift away from power-sharing, which has been the SDLP's objective since its foundation in 1970, has also stemmed from fears that Unionist MPs at Westminster are moving, under the influence of Mr. Enoch Powell, towards a policy of integration with the U.K.

It is said that Ulster's Roman Catholic moderates are desperately adopting a more hard-line stand as certain to be heightened if the SDLP executive votes on Wednesday for the "Irish dimension."

At the same time, the move towards nationalism has been further emphasised by the announcement this week-end that a new political party, committed to reunification, is being formed in Londonderry. As yet unnamed, the party is the reincarnation of the Province's Nationalist Party.

THE LEX COLUMN

Town halls dance to a new tune

It must have been an omen in the same week that 'Float' by 'The Floaters' topped the hit parade, Dudley and Oldham launched their own version of the 'local authority floater' and it looks like being a hit, too.

The initial response has been enthusiastic. Though Morgan Grenfell had agreed to subscribe for the lot, outside applications were such that they were comfortably oversubscribed and on their first day both issues were trading at around par.

Future local authority floaters are likely to be modelled along similar lines to the Oldham and Dudley issues. They are basically non-transferable instruments whereas the Bristol floater had no special market in mind. A coupon due to Treasury bills is not particularly appealing for deposit-taking institutions and it is still far from clear whether there is a large demand for floating rate paper among traditional corporation stock investors. The Morgan Grenfell model, by contrast, is clearly attractive to banks, etc., as it is linked to inter-bank rate and should guarantee them a safe turn on their money.

Over the past few years local authorities have come to rely heavily on the money markets—well over £10bn. of their £30bn.-odd debt probably matures in under a year. At the same time various institutions have found the local authority market a very convenient home for their funds. Building societies have £2.4bn. invested in local authorities while Trustee Savings Banks and insurance companies each have well over £1bn. tied up.

While part of this money is invested in the negotiable bond market (total size £1.2bn.) and the corporation stock market (total size £1.6bn.), a large part of it has, in the past, been invested short-term in the lenders' option market. Investors put up long-term money but had an option to call it back at short notice.

This satisfied the local authorities' need for long-term funds while at the same time guaranteeing investors' liquidity. However, the advent of the Treasury's voluntary borrowing code has virtually killed off this market since much of the debt has now been reclassified as short term, and funds which had been deposited there are now searching for a new home. Estimates vary as to the size

of the lenders' option market but it could have been between £2-3bn. at its peak and people are talking of a potential demand for local authority floating rate paper of £0.5bn. per annum. So local authority floaters could quickly become an important money market instrument: after all the market in sterling certificates of deposit is only £3.5bn. in size.

Whether they will or not depends on a number of things.

First of all their marketability has to be tested. An important drawback of conventional corporation stock issues has been the thinness of the secondary market. If local authority floaters are to become important adjuncts to the inter-bank and CD market, deals of £1m-plus have to be easily accommodated.

Marketability will be enhanced if the authorities allow a sizeable amount of paper to be issued. At the moment local authority floaters have to take their place in the same queue as conventional stock issues—rationed to roughly one's fourth.

Apart from deciding how much paper they want to issue, the authorities also have to decide how to regulate the flow. Should all issues be lumped together, once a week as happens in the negotiable bond market, so that both large and small authorities pay the same rates, or will a hierarchy of rates, reflecting the differing size of the authorities, be allowed to emerge? Then there is the touchy subject of merchant banks muscling in on stock brokers' traditional territory.

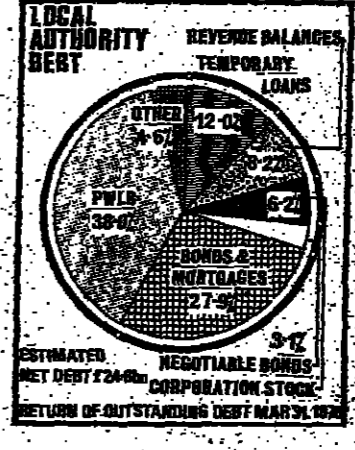
If the local authority floater is to develop its full potential the Bank of England clearly needs to give a firm lead.

Swedish comparison. Inflation running at 10 per cent, a five-fold balance of payments, the first half of industrial production down in June—with economic balance in Sweden's decision week-end to break free snake and devalue by some months past. Ty of April's 6 per cent appreciation of the s by the Deutschemark, deepening financial c been evidenced by share prices. The S market has performed than any other sizeable market in the world past 12 months.

According to the Pri ister, the Swedish C sector is suffering from of financial crises and b cle on a scale not se the 1930s. The average on capital in non-financ omies has fallen by be since the boom of 1973 the financial deficit of (expressed as a per of GNP) has risen from per cent since the lat Two months ago, Algot son had the dubious dis of being the first c quoted on the Stockho change to apply for ban proceedings since the fa the match king, Ivar K in 1932. No fewer than 31 country's top two hundr panies traded at a loss la

An overvalued curren taken a heavy toll on ti exporters. SKI's slumped by three-quar the first four months of year, and Volvo-faced 25 per cent fall in car e in the January to May pe announced over the w that its first-half profits fallen by two-fifths, and th proposed merger with Scania had broken down.

After its recent precip decline, the stock market, mediate reaction was favou yesterday. But devaluat going to be accompanied harsh economic measur price and dividend freez in the air—and having o sharper reduction in the of export markets since than any of their interna competitors, Swedish comp face a long haul back to former prosperity.



Continued from Page 1 Krona

Sweden has been drawing to an undisclosed extent on the three loans it has taken this year, a \$1bn. credit, a DM200m. loan and a \$300m. bond issue. The foreign debt is predicted to increase by about Kr.15bn. this year.

As after the depreciation of the krona in April, the two other Scandinavian countries, which trade heavily with Sweden, have been forced to follow half way. The 5 per cent. devaluation of the Danish krone to a new central rate of Kr. 265.345 to DM100 within the "Snake" could help solve Denmark's current political crisis and save the day for Mr. Anker Jorgensen's minority Social-Democrat Government.

He has been trying to push a stabilisation package designed to reduce the payments deficit and increase indirect taxes by a total of Kr.21bn. over the next three years through an extraordinary session of the Folketing.

Reaction in Norway was more angry.

Mr. Per Kleppe, the Finance Minister, said Sweden was embarking on a dangerous course.

Snake still 'haven of stability'

Adrian Dicks writes from Bonn: There was unqualified disappointment to-day, yet little detectable surprise that Sweden's increasingly severe inflationary problems had pushed it out of the snake.

For some months, leading West German economic officials have been pointing to Sweden as a cautionary tale of competitiveness threatened by excessive pressure and high taxes.

Herr Hans Apel, the West German Finance Minister, said last night in Frankfurt after the meeting of the snake countries' finance Ministers and central bankers that the snake would remain a "haven of stability" for members.

Officials do not feel that the joint float's usefulness has ended, although Germany has lost hope of developing it into the basis of a common economic and monetary policy.

Herr Apel and Dr. Oskar Emminger, the president of the Bundesbank, strongly played down the adverse effects of the Swedish move on West Germany's own export competitiveness.

At the close of business on Frankfurt last night, the Deutsche mark had gained only 0.7 per cent. against the "market basket" of 16 major currencies, so that its upward drift since the beginning of last year stood at 18.9 per cent compared to 18.2 per cent on Friday.

There was a noticeable gain, of 3-3.5 per cent against the currencies of the remaining members of the snake, with which West Germany does about 23.5 per cent. of its foreign trade, according to the Bundesbank.

John Wyles writes from New York: The dollar rose sharply against the mark and the Swiss francs in early New York trading yesterday morning.

Although trading was sporadic and light, the mark fell from 43.21/22 to 42.99/43.01, and the Swiss franc to 41.57/58 cents from 42.10/12.

Traders said that the risk partly reflected the unwinding of short-dollar positions which were being magnified by the closure of the British foreign exchange market.

The Belgian franc was marked lower against most major currencies as the Brussels official fixing yesterday.

The mark climbed to 15.40/75 Belgian francs from 15.36/45 and the French franc was up at 27.55 from 27.25/55 Belgian francs last Friday.

One interpretation of the weakness of the Belgian franc was that the currency could be facing trouble in the European snake after the departure of the Swedish krona and following the devaluation of the kroner of Denmark and Norway.

Second order for Mini project goes overseas

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE SECOND major order placed by British Leyland for equipment for the new Mini project has, like the first, gone to an overseas manufacturer to the consternation of the U.K. machine tool industry.

The order, worth \$4.6m., is for an automatic line for the production of the radius arm for the Mini's rear suspension and has been awarded to Heller, the West German company.

It follows a few weeks after Leyland Cars chose KUKA, another West German concern, to supply special welding machines at a cost of £7m.

Mr. Bill Vaughan, president of the Machine Tool Trades Association, said of the Heller deal: "This is very worrying because there are U.K. companies with the capacity to produce this equipment."

"And British companies have not received the orders they had hoped for by now from Leyland Cars in connection with the Mini project."

Five companies tendered for the contract, two from West Germany—including Heller—and three from the U.K. The Heller tender met the stringent requirements of the Leyland engineers," Leyland said.

Kearney and Trecker Marwin, the Vickers subsidiary, was certainly among the contenders. Other U.K.-based companies in this particular market include Staveley and Cross International.

A factor which must have been significant is that Heller has previously supplied the same type of equipment to Leyland for the "O" series engine.

Leyland kept the Department of Industry informed as its usual with major contracts which might be placed overseas.

The Department said: "All we can do is make sure that the company concerned is aware of the U.K. manufacturers which can supply the equipment and that it gives them a fair chance. The final commercial judgment is always up to the company placing the contract."

Leyland expected to place about 80 per cent of its orders for machine tools and other equipment in the U.K.

The KUKA contract also stipulates that at least 25 per cent of the welding line will be British-made. Electric motors, hydraulic cylinders, limit switches and some controls will probably be supplied from the U.K.

At a meeting between Leyland Cars and the Machine Tools Trade Association in June, the association was given the impression that orders worth about £20m. would be placed within a month or so and that Leyland Cars would need machine tools worth at least £40m. by the end of next year.

There is to be another meeting between the two groups in mid-October when it is hoped that some kind of liaison over Leyland Cars' future plans can be established. The short-term machine-tool buying programme will also be discussed again.

New York cash crisis row threatens Mayor Beame

BY JOHN WYLES

NEW YORK, August 29.

MAYOR ABRAHAM Beame faces a fight for survival in New York City politics over the next ten days.

His main challengers for the Democratic Party's nomination are enthusiastically exploiting the Securities and Exchange Commission's damaging allegations that in late 1974 and early 1975 he helped mislead public investors about the state of the city's finances.

In a gritty counter-attack, the 71-year-old incumbent has claimed that by publishing his report 13 days before the Democratic Party chooses its candidate for Mayor in this November election, the commission "injected itself in the political campaign at the eleventh hour with malicious abandon."

Potential

The commission's report was published on Friday after a 19-month investigation and its main conclusions have implications which are potentially far-reaching.

The report concluded that the mayor, the city's comptroller, Harrison J. Goldin, six New York City banks, and Merrill Lynch

Pierce Fenner, and Smith, the country's largest brokerage house, all knowingly misled investors in city securities in 1974-75 by failing to disclose the seriousness of New York's financial plight.

The commission accused the six banks of encouraging the public to buy city securities in the spring of 1975, at the same time as certain of the underwriters were in the process of reducing or eliminating their holdings of the notes.

The mayor claimed over the weekend that he was as stung against New York investors. He had been assured by the banks that there was a market for New York securities when they were "rapidly unloading."

Mayor Beame accused the commission of trying to protect the banks by delaying its report until late in the primary campaign, so that he and not they would be the main target of criticism.

"Although the first impact of the report has been to inject some vitality into a flagging primary contest, it will continue to reverberate well after the September 8 election.

Congressional hearings on its findings are scheduled for the

autumn, and new federal regulations on the issue of municipal securities could result.

In particular, the same standards of disclosure as now cover corporate issues may be extended to municipalities.

Mayor Beame's campaign for re-election has made up some ground in recent weeks, so that a poll conducted last week showed he was running neck and neck with former Congressman Bella Abzug.

Indifferent

His rather indifferent record in office will now come under closer scrutiny, thanks to the commission.

Mrs. Abzug has accused the mayor of "cover-up, collusion and conspiracy." She has produced a six-point "freedom of information programme" aimed at making city financial affairs more comprehensible and accessible to the public.

Mr. Mario Cuomo, the New York Secretary of State, who is close on the heels of the two frontrunners, took a softer line and urged that attention be focused on solving New York's problems.

Ballot call on miners' bonus plan

By Christian Tyler, Labour Correspondent

AN ATTEMPT to rescue the plan for a high-paying miners' incentive scheme, unexpectedly vetoed by the National Union of Mineworkers' conference in July, will be made this week.

A number of moderates on the NUM executive committee which had supported the plan will be presenting a national ballot on the proposal when the executive meets in two days' time.

They remain convinced that the plan—a pit-based scheme worth possibly £20 a week of more, but strongly disliked by the Left wing—would get overwhelming support from the 262,000 members, despite the conference vote, and vindicate the executive's own support for pit-based incentives.

If they are successful, the National Coal Board and Government would breathe more confidence in the prospect of large productivity bonuses which would dampen the pressure for big basic pay rises well outside the Chancellor's single percentage figure guideline.

The union's new pay target is for a virtual doubling of present rates, with a top coalface rate of £124 a week.

Senator Proxmire, the sole Senate opponent to Mr. Lance's confirmation, said he thought the budget director was "a man of integrity," and therefore should not resign immediately.

Congressman Morris Udall, a contender for the Democratic Presidential nomination last year, to-day suggested Mr. Lance should resign to save President Carter from further embarrassment.

Mr. George Meany, head of the AFL-CIO, the equivalent of the TUC, also added his voice to those seeking Mr. Lance's removal. He said that though everybody seemed to think Mr. Lance was competent, his own conclusion from the available record was that he was "clumsy."

Newspaper comments are also becoming increasingly critical. Last week Mr. Robert Rowan, the Washington Post's respected economic correspondent, suggested Mr. Lance had lost credibility as budget director and as resident Administration conservative on financial matters.

Weather

U.K. TO-DAY

MOSTLY cloudy with rain or showers. Rather cool. London, E. and S.E. England, E. Anglia, E. Midlands.

Sunny intervals, becoming cloudy with outbreaks of rain. Cent. Scotland, Cent. West and N.W. England, W. Midlands, Channel Is.

Rather cloudy, rain at times. S.W.-England, N. and S. Wales. Outbreaks of rain or showers, some sunny intervals. Wind south-west, moderate or fresh. Max. 17-18C (63-64F).

N.E. England, Borders, Edinburgh, and Dundee, Aberdeen, Cent. Highlands.

Outbreaks of rain, brighter later. Winds south-west moderate. Max. 18C (64F).

Kake District, Isle of Man, S.W. Scotland, Glasgow.

Cloudy, rain or showers. Wind East, moderate becoming light variable. Max. 15-17C (59-63F).

Argyll, N. Ireland.

Rather cloudy, rain at times. Wind westerly, moderate, becoming light variable. Max. 15-17C (59-63F).

Moray Firth, N.E. and N.W. Scotland, Orkney, Shetland.

Sunny intervals, scattered showers. Wind south-west, fresh. Max. 13-15C (55-59F).

Metlook: Sunny intervals and showers, some longer outbreaks of rain.

BUSINESS CENTRES

City	Index	Change	City	Index	Change
Amst.	100	0	London	100	0
Athens	100	0	Madrid	100	0
Bahia	100	0	Mexico	100	0
Bombay	100	0	Osaka	100	0
Buenos Aires	100	0	Paris	100	0
Calcutta	100	0	Rome	100	0
Canton	100	0	Sao Paulo	100	0
Cebu	100	0	Stockholm	100	0
Hankow	100	0	Tokyo	100	0
Hong Kong	100	0	Winnipeg	100	0
Kobe	100	0			
London	100	0			
Lyons	100	0			
Manila	100	0			
Medan	100	0			
Osaka	100	0			
Paris	100	0			
Rangoon	100	0			
Singapore	100	0			
Sourabaya	100	0			
Taipei	100	0			
Tokyo	100	0			
Yokohama	100	0			

HOLIDAY RESORTS

City	Index	Change	City	Index	Change
Amst.	100	0	London	100	0
Athens	100	0	Madrid	100	0
Bahia	100	0	Mexico	100	0
Bombay	100	0	Osaka	100	0
Buenos Aires	100	0	Paris	100	0
Calcutta	100	0	Rome	100	0
Canton	100	0	Sao Paulo	100	0
Cebu	100	0	Stockholm	100	0
Hankow	100	0	Tokyo	100	0
Hong Kong	100	0	Winnipeg	100	0
Kobe	100	0			
London	100	0			
Lyons	100	0			
Manila	100	0			
Medan	100	0			
Osaka	100	0			
Paris	100	0			
Rangoon	100	0			
Singapore	100	0			
Sourabaya	100	0			
Taipei	100	0			
Tokyo	100	0			
Yokohama	100	0			

Ride high in yachting circles this September

Be among the first to know about the new boats and equipment at the Southampton Show. This month's Yachting World previews the major exhibits, classifies all the products on show and lists all exhibitors. Also: the full story of the 1977 Admiral's Cup, with results and the best action pictures; a preview of the Whibread, Round-the-World Race, including the design of Condon, the Bowman 77 sailed by Robin Knox-Johnson; first details of the America's Cup; features on cruising in Tahiti and boatbuilding in Falmouth, and 'Down the Barlavento Coast' with John Crookshank.

Plus pages and pages of boats for sale.

The September issue of **Yachting World** Out today 55p

PRICE CHANGES

Various financial and market data, including exchange rates and commodity prices.